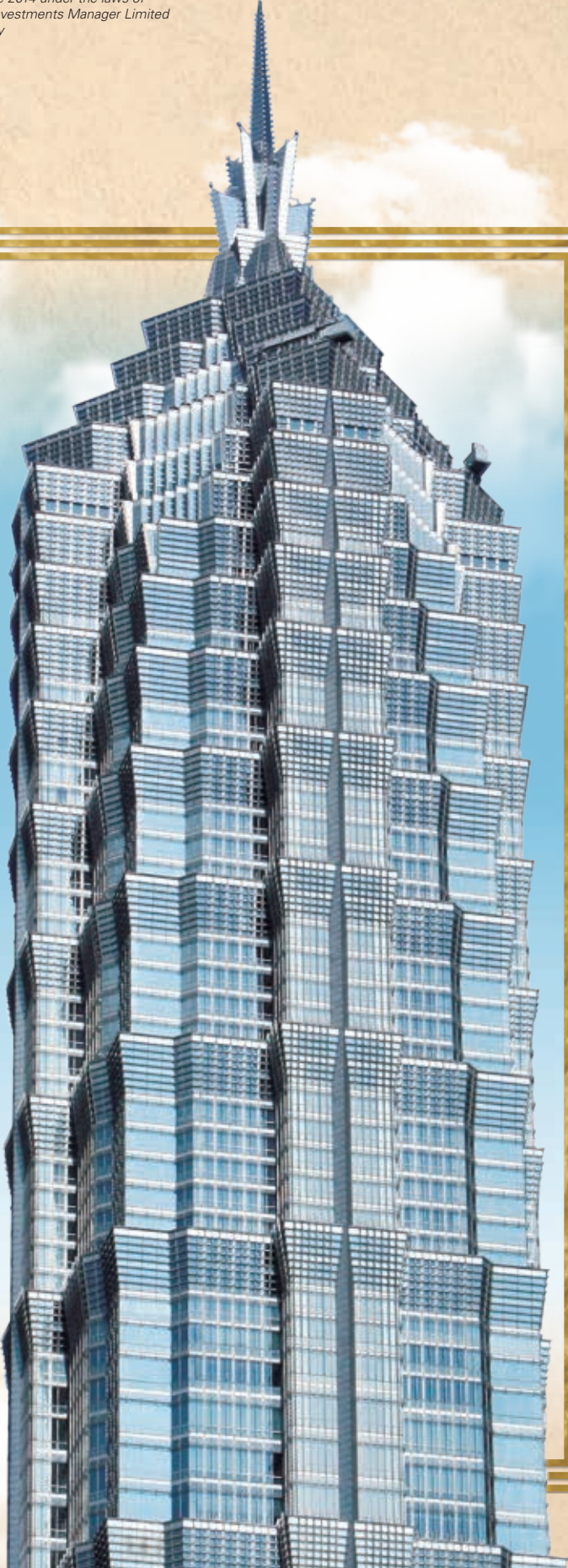




金茂酒店及金茂(中國)酒店投資管理有限公司
JINMAO HOTEL & JINMAO (CHINA) HOTEL
INVESTMENTS AND MANAGEMENT LIMITED

*As constituted pursuant to a deed of trust on 13 June 2014 under the laws of
Hong Kong, the trustee of which is Jinmao (China) Investments Manager Limited
Registered in the Cayman Islands with limited liability*

Stock Code : 06139



TOP

QUALITY ASSETS
WITH STRONG BRAND
RECOGNITION



ANNUAL REPORT **2017**

An aerial photograph of a city skyline, likely Shanghai, featuring the Oriental Pearl Tower and the Jin Mao Tower. The sky is blue with scattered white clouds. A golden triangle is positioned above the text.

OUR VISION

Internationally renowned and China's first-class hotel investor and operator.

An aerial photograph of a city skyline, likely Shanghai, featuring the Oriental Pearl Tower and the Jin Mao Tower. The sky is blue with scattered white clouds. A golden triangle is positioned above the text.

OUR MISSION

We are committed to the ideology of "Innovation, Consolidation and Cooperation" to build the brand value and affiliated organizations, and through providing sustainable products, services and continuous system innovation, we would be able to build our brand value and create a mutually beneficial platform for the benefit of Holders of Share Stapled Units and the community as a whole.



CONTENTS

2	About Jinmao Hotel
4	Milestones in 2017
6	Corporate Information
9	Financial Highlights
10	Chairman's Statement
14	Honors and Awards in 2017
18	Management Discussion and Analysis
56	Investor Relations Report
58	Profiles of Directors and Senior Management
69	Consolidated Corporate Governance Report
89	Report of the Directors
111	Financial Information
111	The Trust and The Company's Consolidated Financial Information
199	The Trustee-Manager's Financial Information
211	Five-Year Financial Information
212	Environmental, Social and Governance Report
241	Definitions



ABOUT JINMAO HOTEL



Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited (stock code: 06139) is a fixed single investment trust with an initial focus on the hospitality industry in the PRC. The Group primarily owns and invests in a portfolio of hotels with diversified revenue sources and customer mix from a portfolio of high quality hotels and commercial properties, comprising eight hotels and Jin Mao Tower, a mixed-use development property. The properties are all located in prime and strategic locations in top-tier cities or tourist hot spots in the PRC and comprise high quality hotels and commercial property.

Adhering to the high-end and boutique positioning, the Group has been investing and operating hotels in Shanghai, Beijing, Sanya and other regions with strong brand recognition and a market leading position, and will continue to improve the operational efficiency of its properties and seek for asset enhancement opportunities for further development.



ABOUT JINMAO HOTEL



- ▲ Jin Mao Tower (Level 53-87 being Grand Hyatt Shanghai)
- ▲ Hilton Sanya Yalong Bay Resort & Spa
- ▲ The Ritz-Carlton Sanya, Yalong Bay
- ▲ The Westin Beijing Chaoyang
- ▲ JW Marriott Hotel Shenzhen
- ▲ Hyatt Regency Chongming
- ▲ Renaissance Beijing Wangfujing Hotel
- ▲ Grand Hyatt Lijiang



MILESTONES IN 2017

In February



The President of Italy Sergio Mattarella visited Jin Mao Tower and Jin Mao Tower was the only tourist spot that president of Italy has visited in China.

In July



Jinmao Dreamlohas Resort & Hotel, Mogan Mountain, the first high-end luxury hotel with brand management output services offered by China Jinmao (Group) has commenced operation.

In March



China Jinmao (Group) was titled the "Best Hotel Owners of the Year" by the China Hotel Starlight Awards which is conceived as the "Oscar Awards" of China's hospitality industry.

In August



On 28 August, a series of celebrations were held by our hotels and office buildings to celebrate the 18th anniversary of Jin Mao Tower. The events attracted wide attention from the public and the media and further enhanced the brand influence.

MILESTONES IN 2017

In September



China Jinmao (Group) was awarded two prizes as the “2017 Sustainability Best Practice Award” and “2017 Sustainability Influencer Award” during “Heading towards 2040: Corporate Innovation and Urban Sustainability” Excellence Awards Campaign which was sponsored by Information Office of Shanghai Municipality, Shanghai Municipal Commission of Commerce and Shanghai Environmental Protection Bureau and jointly organized by Jiefang Daily, Shanghai Daily and Eastday.com and participated by 86 excellent enterprises in Shanghai.

In September

China Jinmao (Group) was awarded as the “Best Hotel Owners of China in 2017” during the 14th Hotel Golden-Pillow Award Ceremony which is one of the most influential forums in the industry. Also, the general manager of the Company was invited to deliver an opening speech.



In October

China Jinmao (Group) participated in the 6th General Assembly and 20th Anniversary held by the Shanghai Federation of Enterprises in Shanghai which is one of the most influential federations in Shanghai. With strong business strength and positive impact on promoting urban construction and development, Jin Mao Hotel was successfully re-elected as executive chairman and awarded “20th Anniversary of Outstanding Contribution”.



In October



On 19 October, the Trustee-Manager and the Company have changed the executive director and chief executive officer. Mr. TANG Yong was appointed as an executive director and the chief executive officer of the Trustee-Manager and the Company. From the same date, Mr. ZHANG Hui resigned from the position of the chief executive officer of the Trustee-Manger and the Company and was re-designated from executive director of the Trustee-Manager and the Company as to non-executive director of the Trustee-Manager and the Company.



CORPORATE INFORMATION

Trust

Jinmao Hotel (formerly known as Jinmao Investments)

(As constituted pursuant to a deed of trust on 13 June 2014 under the laws of Hong Kong, the trustee of which is Jinmao (China) Investments Manager Limited)

Listing

The Share Stapled Units of Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited (formerly known as Jinmao Investments and Jinmao (China) Investments Holdings Limited) were listed on the Main Board of the Stock Exchange on 2 July 2014

Corporate Information of the Trustee-Manager

Trustee-Manager

Jinmao (China) Investments Manager Limited

Board of Directors

Non-executive Directors

Mr. LI Congrui (Chairman)

Mr. ZHANG Hui (re-designated from an executive Director to a non-executive Director on 19 October 2017, and resigned as Chief Executive Officer on the same day)

Ms. LAN Haiqing

Mr. JIANG Nan

Executive Director and Chief Executive Officer

Mr. TANG Yong (appointed on 19 October 2017)

Independent non-executive Directors

Dr. CHUNG Shui Ming Timpson

Dr. CHEN Jieping

Dr. XIN Tao

Registered Office

Rooms 4702-03, 47th Floor
Office Tower, Convention Plaza
No. 1 Harbour Road
Wanchai, Hong Kong

Company Secretary

Ms. HO Wing Tsz Wendy

(Fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom)

Authorised Representatives

Mr. JIANG Nan

Ms. HO Wing Tsz Wendy

Trustee-Manager Audit Committee

Dr. CHEN Jieping (Chairman)

Mr. JIANG Nan

Dr. XIN Tao

Share Stapled Units Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Corporate Information of the Company

The Company

Jinmao (China) Hotel Investments and Management Limited
(Formerly known as Jinmao (China) Investments Holdings Limited)
(Registered in the Cayman Islands with limited liability)

Registered Office

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands



CORPORATE INFORMATION

Head Office and Principal Place of Business in Hong Kong

Rooms 4702-03, 47th Floor, Office Tower
Convention Plaza
No. 1 Harbour Road
Wanchai, Hong Kong

Board of Directors

Non-executive Directors

Mr. LI Congrui (Chairman)
Mr. ZHANG Hui (re-designated from an executive Director to a non-executive Director on 19 October 2017, and resigned as Chief Executive Officer on the same day)
Ms. LAN Haiqing
Mr. JIANG Nan

Executive Director and Chief Executive Officer

Mr. TANG Yong (appointed on 19 October 2017)

Independent non-executive Directors

Dr. CHUNG Shui Ming Timpson
Dr. CHEN Jieping
Dr. XIN Tao

Head of Finance

Ms. ZHANG Runhong

Company Secretary

Ms. HO Wing Tsz Wendy
(Fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom)

Authorised Representatives

Mr. JIANG Nan
Ms. HO Wing Tsz Wendy

Legal Advisers

As to Hong Kong laws:

Freshfields Bruckhaus Deringer
55th Floor, One Island East, Taikoo Place
Quarry Bay, Hong Kong

As to PRC laws:

Beijing Guantao (Shanghai) Law Firm
(Formerly known as Shen Da Law Firm)
32/F, World Plaza, 855 Pudong Nan Road
Shanghai, the PRC

As to Cayman Islands laws:

Conyers Dill & Pearman
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Company Audit Committee

Dr. CHEN Jieping (Chairman)
Mr. JIANG Nan
Dr. XIN Tao

Company Remuneration and Nomination Committee

Dr. CHUNG Shui Ming Timpson (Chairman)
Mr. LI Congrui
Dr. CHEN Jieping

Auditor

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong



CORPORATE INFORMATION

Address Where the Principal Register of Members is Kept

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Address Where the Hong Kong Register of Members is Kept

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Share Stapled Units Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Investor Enquiries

Tel : +86 21 5047 6688 – 2327
Fax : +86 21 5047 0088 – 2327
Email : investors@jinmao88.com
jinmao@sinochem.com

Website

www.jinmao88.com

Stock Code

06139





FINANCIAL HIGHLIGHTS

Jinmao Hotel is a fixed single investment trust with an initial focus on the hospitality industry in the PRC. The Share Stapled Units jointly issued by Jinmao Hotel and the Company were successfully listed on the Main Board of the Stock Exchange on 2 July 2014. This report covers the financial period from 1 January 2017 to 31 December 2017.

Unit: RMB million

	For the year ended 31 December		
	2017	2016	Change (%)
Revenue	2,595.4	2,450.8	6
EBITDA	956.8	920.8	4
Profit attributable to Holders of Share Stapled Units ⁽¹⁾	219.9	374.6	-41
Basic earnings per Share Stapled Unit (RMB cents) ⁽¹⁾	11.0	18.7	-41
Total assets	18,328.3	18,407.2	0
Total equity	6,478.4	6,535.5	-1
Net debt-to-adjusted capital ratio (%) ⁽²⁾	77	71	10

Note:

- (1) The decrease in the profit attributable to Holder of Share Stapled Units is mainly attributable to the decrease of fair value gains on investment properties. Excluding the fair value gains on investment properties, profit attributable to the Holders of Share Stapled Units amounted to RMB191 million, representing a year-on-year increase of 41%.
- (2) Net debt-to-adjusted capital ratio = (interest-bearing bank and other borrowings – cash and cash equivalents – restricted bank balances)/(total equity + amount due to related parties).





CHAIRMAN'S STATEMENT



In 2018, the Group will continue to enhance the sensibility, crisis awareness, and market-oriented awareness. We will get out of the comfort zone, and act as a pioneer entrepreneur and striver, put efforts to innovate sales strategies, improve operational efficiency and stabilize revenue, so as to ensure a better performance than our competitors under the same conditions, create values for the Holders of Share Stapled Units, and enhance the distribution level and market value of the Company.





CHAIRMAN'S STATEMENT

Dear all,

On behalf of the Boards of the Trustee-Manager and the Company, I am pleased to present the annual report of Jinmao Hotel and the Group for the year ended 31 December 2017 for review by the Holders of Share Stapled Units.

During the Review Period, we generated total revenue of RMB2,595 million. Our profit attributable to Holders of Share Stapled Units amounted to RMB220 million and basic earnings per Share Stapled Unit amounted to RMB0.11. Excluding the fair value gains on investment properties, profit attributable to the Holders of Share Stapled Units amounted to RMB191 million. The Boards have recommended a distribution of approximately RMB608 million (equivalent to approximately HK\$701 million) where the distribution per Share Stapled Unit amounted to HK35.05 cents, which will be subject to the approval at the 2017 AGM.

In 2017, the overall global economy showed an obvious sign of short-term stabilization. In China, in line with the supply-side structural reform, its GDP hit a threshold of RMB80 trillion for the first time, representing an increase of 6.9% over the previous year. Its economy was running steadily with favourable momentum. According to the estimation of the data centre of the National Tourism Administration, the total number of domestic and inbound tourists in China exceeded 5.1 billion in 2017 and the total tourism revenue exceeded RMB5.3 trillion. The tourism industry contributed over 10% to both national economy and social employment, showing a vigorous development trend. Due to the economic recovery and the rapid growth of the tourism industry, the basic trend of healthy development of China's hotel industry is further consolidated.

The operation of five-star hotel industry has gradually improved. The total profit of the industry and the occupancy rate in major cities increased under the influence of the demand rebound and customer structural differences adjustment. However, the regional and structural problem relating to high-end hotels still existed. The average daily rate in many cities such as Sanya and Lijiang still recorded a year-on-year decrease, resulting from fiercer competition. In this context, the revenue growth per room of the hotels of Jinmao was higher than the market average, which was a hard-won achievement.

The overall supply of new offices in Shanghai's central business district has generally slowed down. Although the leasing activity remained active, the vacancy rate in the central business district in Shanghai continued to increase by two percentage points year-on-year to 10.6% due to the decentering effect of the urban area, which has suppressed the average rental. However, the rental is not expected to fluctuate significantly.

Adhering to the management philosophy of "Advancement, Stringency, Refinement, Effectiveness", the Company carried out our work in strict accordance with the requirements of the total quality management, with revenue elevation as the core and the reducing costs and expenses as the support. The revenue of operation amounted to RMB2,595 million, representing a year-on-year increase of 6%. The market value of the Company was stable in the first half of the year and went up in the third quarter. As a result, the market value ascended to HK\$10 billion and the daily trading volume was 4.9 times of the same period of previous year.



CHAIRMAN'S STATEMENT

In relation to the hotel operation, by adhering to the idea of performing better than the competitors under the same conditions, the Company continued to enhance the market segment performance of hotels. In 2017, the Company achieved initial success in the innovative operation mode. At the same time, following the concept of the floor efficiency of asset management, the Company enhanced the income levels of certain inefficient areas and achieved good returns by renovation and product innovation. In addition, the regular work of the Company such as that relating to revenue increase, cost control and service innovation continued to progress steadily. The revenue from hotel operation amounted to RMB1,903 million, with a year-on-year increase of 5%.

In relation to the leasing of commercial properties, the Company went all out to enhance the occupancy, resulting in a new high in the comparable income and profit, with a further optimization of our customer structure in 2017. The revenue from leasing of commercial properties amounted to RMB514 million, with a year-on-year increase of 4%.

With respect to the Observation Deck on the 88th floor of Jin Mao Tower, we concentrated on sales and marketing and optimizing customer structure, and strive to maintain quality key customers. The tourism revenue and visitor flow broke the record, and the Skywalker project continued its innovative marketing and recorded a strong performance growth. According to customer segment statistics, the individual visitor and travel agency markets showed a trend of increase in volume and price.

In 2018, the global trading environment continued to improve driven by the substantial recovery of major economies in the world. The overall economy of China showed a favourable trend and has shifted from high-speed growth to high-quality growth. During the "13th Five-Year" period, the tourism economy of China grew steadily. The annual growth rate of urban and rural tourists is approximately 10%, the annual increase in the total revenue of tourism is above 11%, and the annual growth in the direct investment of tourism is above 14%, which showed a great potential in hotel industry.

China Tourism Academy expects the number of domestic and inbound tourists will exceed 5.7 billion and the total tourism revenue estimated will exceed RMB6 trillion in 2018, with the tourism investment maintaining its rapid growth. We generally hold a positive and optimistic view on the tourism economy this year and expect a steady upward market trend in the high-end hotels in Shanghai, Beijing, Shenzhen, Sanya and Lijiang.



CHAIRMAN'S STATEMENT

In 2018, the first priority is to capture market opportunities and enhance our business performance with our best efforts. With the financial data as the basis, the customer demand as the guideline, and the floor efficiency as the measure, the Company will strengthen on-hand assets as foundation to improve performance, honour our commitment to the Holders of Share Stapled Units, and strive to enhance the distribution level and market value of the Group. In relation to the hotel operation, we will continue to enhance the weak areas of the hotel operation results, promote the floor efficiency of the inefficient assets and idle areas, improve the level of F&B service to the public and the level of customers' satisfaction, and continue to carry out hotel cost optimization. In relation to the office premises, leveraging on the solid customer base, we will establish flexible commission and pricing strategy. We will maintain the balance between the rental and customer structure and ensure the quality of tenants. We will further improve the quality of office area and the market competitiveness. We will continue to improve the quality of our office premises and ensure a stable occupancy while achieving a steady increase in our performance. We have continued to improve the sightseeing experience at the Observation Deck on the 88th floor of Jin Mao Tower, in order to enhance our marketing and promotion scale. The Company will focus on hotel operations, constantly seek investment projects with high value, seize profit growth opportunity for asset-light businesses, and explore the business model of rental apartments.

Looking forward, the Company will continue to enhance the sensibility, crisis awareness and market-oriented awareness, and will get out of the comfort zone, and act as a pioneer entrepreneur and a striver. We are making unremitting efforts towards the goal of becoming an internationally renowned and domestically first-class hotel investor and operator.

Last but not least, on behalf of the Boards, I would like to take this opportunity to express my sincere gratitude to all customers, business partners, Holders of Share Stapled Units and employees of the Company. All the employees of the Jinmao Hotel will uphold the management philosophy of "Advancement, Stringency, Refinement and Effectiveness", and continue to create values and strive for excellence to achieve even more remarkable results in the future in order to maximize the returns for all Holders of Share Stapled Units.

Chairman

LI Congrui

Hong Kong
26 March 2018

HONOURS AND AWARDS IN 2017



Jinmao Hotel & Jinmao (China) Hotel Investment and Management Limited

1. In March, China Jinmao (Group) was awarded "Best Hotel Owners of China" by the Judging Committee of the China Hotel Starlight Awards.
2. In July, Jin Mao Tower was awarded "Green Renovation of Existing Buildings in Shanghai – Gold Prize" during the Shanghai International Forum of Green Building 2017.
3. In September, China Jinmao (Group) was awarded as the "Best Hotel Owners of China in 2017" by the Golden-Pillow Award of China's Hotels.
4. In September, China Jinmao (Group) was awarded two prizes as the "2017 Sustainability Best Practice Awards" and "2017 Sustainability Influencer Awards" during the "Heading Towards 2040: Corporate Innovation and Urban Sustainability" Excellence Awards campaign which was sponsored by Information Office of Shanghai Municipality, Shanghai Municipal Commission of Commerce and Shanghai Environmental Protection Bureau and jointly organized by Jiefang Daily, Shanghai Daily and Eastday.com.

5. In October, China Jinmao (Group) was awarded "20th Anniversary of Outstanding Contribution" by Shanghai Nonlocal Enterprises Federation.

Grand Hyatt Shanghai

1. In January, Grand Hyatt Shanghai was granted the 2017 Forbes Travel Guide Five Star Award by Forbes.
2. In May, Grand Hyatt Shanghai was granted the honour of "2017 Certificate of Excellence" by tripadvisor.com.
3. In May, Grand Hyatt Shanghai was awarded "China's Top 10 Most Glamorous Hotels" by the China Tourism and Hotel Awards.
4. In June, Grand Hyatt Shanghai was granted the honour of "Hurun Hot Hotel Awards 2017 – Best Banquet Venue in Shanghai" by Hurun Report.
5. In August, Grand Hyatt Shanghai was granted the honour of "Annual Outstanding Landmark Hotel" by the City Weekend.

HONOURS AND AWARDS IN 2017



Hyatt Regency Chongming

1. In June, Hyatt Regency Chongming was granted the title of “Best Family Hotel” by the Condé Nast Traveler Gold List.
2. In August, Hyatt Regency Chongming was granted the honour of “Outstanding Family Friendly Hotel” by the City Weekend.
3. In November, Hyatt Regency Chongming was awarded as “ Best Family Hotel” by City Travel.
4. In November, Hyatt Regency Chongming was granted the “Best MICE Hotel in 2017” Award in the “7th Election of Stylist Hotel ” of Trends magazine.
5. In December, Hyatt Regency Chongming was granted “Best Banquet the of the Year” by Time Out.

The Westin Beijing Chaoyang

1. In June, the Westin Beijing Chaoyang was granted the honour of “2017 Certificate of Excellence” by tripadvisor.com.

2. In September, the Westin Beijing Chaoyang was awarded as “Best Business Hotel of the Year of 2017” of AHF Asia Awards at the 10th International Hotel and Travel Investment Summit.
3. In September, the Westin Beijing Chaoyang was awarded as “Best MICE Hotel of the Year of 2017” of Fashion List Awards of China.
4. In November, he Westin Beijing Chaoyang was awarded as “ Best International Business Hotel” of the 9th Hotel Awards by iYoyo.

Renaissance Beijing Wangfujing Hotel

1. In May, Renaissance Beijing Wangfujing Hotel was granted the title of “Best Design Hotel” by Metropolitan magazine.
2. In June, Renaissance Beijing Wangfujing Hotel was granted the title of “Best Banquet Venue in Beijing” by Hurun Report.
3. In June, Renaissance Beijing Wangfujing Hotel was granted the title of the “Best Conference Hotel of the Year” by China Business Awards Tourism Industry Gold Chair Award.



HONOURS AND AWARDS IN 2017



4. In July, Renaissance Beijing Wangfujing Hotel was granted the title of the "Lobby Bar of the Year" by That's.
5. In December, Renaissance Beijing Wangfujing Hotel was granted the title of the "Most Popular Conference Hotel" by Grand Hotels.

The Ritz-Carlton Sanya, Yalong Bay

1. In March, the Ritz-Carlton Sanya, Yalong Bay was granted the title of "Best Resort Hotel" by TTG China.
2. In July, the Ritz-Carlton Sanya, Yalong Bay was granted the title of "Most Popular Wedding Destination Award of the Year of 2017" by Asia Wedding Vogue.
3. In September, the Ritz-Carlton Sanya, Yalong Bay was granted the title of "Best Hotel Accommodation Award" by Agoda.
4. In September, the Ritz-Carlton Sanya, Yalong Bay was awarded the "Most Contribution Award in the Exhibition Industry in Sanya" in the Sanya International MICE Procurement Conference.

5. In October, the Ritz-Carlton Sanya, Yalong Bay was granted the title of Best Luxurious Hotel of the Year of 2017" by Trends magazine.

Hilton Sanya Yalong Bay Resort & Spa

1. In June, Hilton Sanya Yalong Bay Resort & Spa was granted the honour of "2017 Certificate of Excellence" by tripadvisor.com
2. In August, Hilton Sanya Yalong Bay Resort & Spa was awarded the "Most Contribution Award in the Exhibition Industry in Sanya" by Sanya Tourism Association.
3. In October, Hilton Sanya Yalong Bay Resort & Spa was awarded the "Best Parent-Child Hotel Award" by City Traveler.
4. In November, Hilton Sanya Yalong Bay Resort & Spa was awarded the "Top Ten Parent-Child Holiday Hotel Award of International Hotel of 2017 " by China Tourist Hotel Association.
5. In December, Hilton Sanya Yalong Bay Resort & Spa was granted the honour of "Top 10 Wedding Hotels in 2017" by the Sanya Destination Wedding Expo.

HONOURS AND AWARDS IN 2017



JW Marriott Hotel Shenzhen

1. In January, JW Marriott Hotel Shenzhen was awarded the "Guest Review Award of the year of 2016" by Booking.com.
2. In May, JW Marriott Hotel Shenzhen was invited to participate in the annual meeting of Shenzhen Travel Association and was awarded the "Top 20 Shenzheng Hotel with International Brand Award".
3. In May, JW Marriott Hotel Shenzhen was invited to participate in the annual meeting of Shenzhen Travel Association and was awarded the "Most Popular Hotel Award".
4. In June, JW Marriott Hotel Shenzhen was granted the honour of "Recommended Hotel by the 26th Ctrip WE live experience staff" by Ctrip travel.
5. In July, JW Marriott Hotel Shenzhen was granted the title of "Best MICE Hotel" by Metropolitan magazine.

Grand Hyatt Lijiang

1. In March, Grand Hyatt Lijiang was granted the title of "Best Resort Hotel in Asia" by the 17th Golden Horse Awards of China Hotel.
2. In May, Grand Hyatt Lijiang was granted the title of "Best View Hotel" of the 2017 Gold List held by *Condé Nast Traveler*.
3. In June, Grand Hyatt Lijiang was granted the honour of "2017 Certificate of Excellence" by tripadvisor.com.
4. In September, Grand Hyatt Lijiang was granted the title of "the Best Family Travel Hotel" of the "List of Hotel Awards of the year of 2017" by Metropolitan.
5. In December, Grand Hyatt Lijiang was granted the title of "the Best Holiday Hotel" by Premium Traveler. In June, Grand Hyatt Lijiang was granted the title of "Outstanding Award of the year of 2017" by TripAdvisor.

MANAGEMENT DISCUSSION AND ANALYSIS



Jinmao Hotel is a fixed single investment trust with an initial focus on the hospitality industry in the PRC. The Share Stapled Units jointly issued by Jinmao Hotel and the Company were successfully listed on the Main Board of the Stock Exchange on 2 July 2014. The objectives of Jinmao Hotel and the Company are (a) to focus principally on the payment of distributions to the Holders of Share Stapled Units with a clearly expressed intention as to their respective distribution policies stated in the Trust Deed and the Company's Articles and (b) to provide the Holders of Share Stapled Units with the potential for sustainable long-term growth in the distributions payable to them and the benefits which arise from the enhancement in the value of the Group's portfolio of properties.

Distributions

As disclosed in the Prospectus and pursuant to the Distribution Guarantee and Shortfall Payments Deed, China Jinmao agreed to provide the Shortfall Payments to the Trustee-Manager (for the benefit of the Holders of Share Stapled Units) of an amount equal to the difference between the specified

EBITDA (being HK\$220 million) and the actual EBITDA of the Shortfall Payment Hotels in any financial year ending 31 December 2015, 2016 and 2017 (the "Shortfall Payment Period") up to an aggregate maximum amount to be paid of HK\$300 million for the entire Shortfall Payment Period.

As of 31 December 2016, the Shortfall Payments paid by China Jinmao to the Trustee-Manager pursuant to the Distribution Guarantee and Shortfall Payments Deed amounted to HK\$300 million. Accordingly, China Jinmao did not make any further Shortfall Payments to the Trustee-Manager during the remaining Shortfall Payment Period pursuant to the Distribution Guarantee and Shortfall Payments Deed.



MANAGEMENT DISCUSSION AND ANALYSIS

The Boards have recommended the payment of a final distribution of HK15.45 cents per Share Stapled Unit for the year ended 31 December 2017 to the Holders of Share Stapled Units, based on the total Trust Distributable Income of approximately RMB608 million (equivalent to approximately HK\$701 million) for the same period. Subject to approval of the Holders of Share Stapled Units at the forthcoming 2017 AGM, the payment of the proposed final distribution is expected to be made on or before 30 June 2018. Taken together with the interim distribution of HK19.60 cents per Share Stapled Unit paid in October 2017, the total distribution per Share Stapled Unit for the year 2017 is HK35.05 cents.

The Trustee-Manager Board has confirmed, in accordance with the Trust Deed, that (i) the auditors of the Trust Group have reviewed and verified the

Trustee-Manager's calculation of the distribution entitlement per Share Stapled Unit, and (ii) having made all reasonable enquiries, immediately after making the distribution to registered unitholders of the Trust, the Trustee-Manager will be able to fulfil, from the Trust Property, the liabilities of the Trust as they fall due.

Overview of Asset Portfolio

Jinmao Hotel is a fixed single investment trust with an initial focus on the hospitality industry in the PRC. Jinmao Hotel and the Group primarily own and invest in a portfolio of hotels, comprising eight hotels and Jin Mao Tower, a mixed-use development.

The property portfolio of the Group as at the date of this report comprises the following Properties, all of which are located in the PRC:

Jinmao Hotel Asset Portfolio (By Category)

Category	Property	City	Total GFA (sq.m.)	Number of rooms
1. Hotel	Grand Hyatt Shanghai	Shanghai	76,013	555
	Hilton Sanya Yalong Bay Resort & Spa	Sanya	75,208	501
	The Ritz-Carlton Sanya, Yalong Bay	Sanya	83,772	455
	The Westin Beijing Chaoyang	Beijing	77,945	550
	JW Marriott Hotel Shenzhen	Shenzhen	51,730	411
	Hyatt Regency Chongming	Shanghai	48,992	235
	Renaissance Beijing Wangfujing Hotel	Beijing	44,413	329
	Grand Hyatt Lijiang	Lijiang	84,384	401
Subtotal			542,457	3,437
2. Office	Jin Mao Tower office (including the evacuation floors on the 15th floor and the 30th floor)	Shanghai	137,121	N/A
3. Retail	Shanghai J•LIFE	Shanghai	35,659	N/A
4. Tourist	Observation Deck on the 88th floor of Jin Mao Tower	Shanghai	1,885	N/A
5. Property Management	Shanghai Property Management	N/A	N/A	N/A
6. Car Services	Shanghai Jin Mao Jin Jiang Automobile Service Company Limited	N/A	N/A	N/A



MANAGEMENT DISCUSSION AND ANALYSIS

All of the Properties are located in prime and strategic locations in top tier cities or tourist hot spots in the PRC. All of the Properties (other than Jin Mao Tower) are standalone hotels. All of the hotels are managed by globally renowned hotel management companies (being Hyatt Hotels Corporation, Marriott International, Inc. and Hilton Worldwide Holdings Inc.). Jin Mao Tower is an 88-storey landmark building in Shanghai, with the office area of Jin Mao Tower being classified as a Grade A office building.

The quality of the Properties has been actively enhanced by consistent renovation and upgrade with a view to maintaining their marketability to continuously bring in new tenants and customers. In order to facilitate such consistent enhancements, we have developed and implemented certain asset enhancement programs to increase the value and returns of the Properties.

The Group specializes in the investment, operation of high-end hotels in core cities and tourist hot spots in China and the leasing of commercial properties in Jin Mao Tower. Accordingly, the Group has accumulated extensive management experience, especially through the cooperation with globally renowned hotel management companies, we have adopted a well-established management model to build a leading hotel portfolio.

The Group derives its revenue primarily from hotel operations and leasing of commercial properties:

Among which:

Revenue from hotel operations is generated from hotel rooms, food and beverage businesses and ancillary services. Revenue from ancillary services is primarily revenue other than the revenue from hotel rooms and food and beverage businesses, such as revenue from laundry, telephone charges, spa services, hotel car services and other services.





MANAGEMENT DISCUSSION AND ANALYSIS

Gross rental income is mainly derived from leasing the office and retail areas in Jin Mao Tower.

In addition, the Group's revenue includes revenue from operating the Observation Deck in Jin Mao Tower and providing property management services.

In 2017, the tourism economy continued to grow at a rate higher than the macroeconomic growth, showing a vigorous development trend. The economic recovery and the rapid growth of the tourism industry are significantly positive for the hotel industry. The basic trend of healthy development in the China's hotel industry is increasingly stable. With the deceleration of hotel investment and the adjustment of the structure of tourists, the operating situation of the five-star hotel industry is gradually being improved, and

the occupancy rate of major cities has increased by varying degrees. However, the regional and structure issues of high-end hotels still exist. In many cities such as Sanya and Lijiang, the average daily rates still recorded a year-on-year decrease, with a relatively intense competition. The hotels of the Group proactively seized market opportunities and adopted flexible sales strategies and optimized customer structure, consistently enhanced service quality and maintained their leading market positions within their respective regions.

In 2017, revenue of the Group amounted to RMB2,595 million, representing a year-on-year increase of 6%. Gross profit of the Group amounted to RMB1,486 million, representing a year-on-year increase of 7%.

Hotel	Occupancy		Average Daily Rate (RMB)		RevPAR (RMB)	
	2017	2016	2017	2016	2017	2016
Grand Hyatt Shanghai	85.8%	79.8%	1,456	1,459	1,249	1,164
Hyatt Regency Chongming	53.8%	52.3%	826	901	444	471
The Westin Beijing Chaoyang	83.6%	82.2%	1,162	1,134	972	932
Renaissance Beijing Wangfujing Hotel	84.4%	79.0%	879	827	742	653
The Ritz-Carlton Sanya, Yalong Bay	74.8%	74.2%	2,129	2,207	1,594	1,637
Hilton Sanya Yalong Bay Resort & Spa	77.8%	67.3%	1,319	1,360	1,026	915
JW Marriott Hotel Shenzhen	84.6%	77.4%	1,039	1,005	879	778
Grand Hyatt Lijiang	48.4%	41.5%	775	814	375	338





OUTSTANDING SERVICE

WORLD-CLASS EXPERIENCE

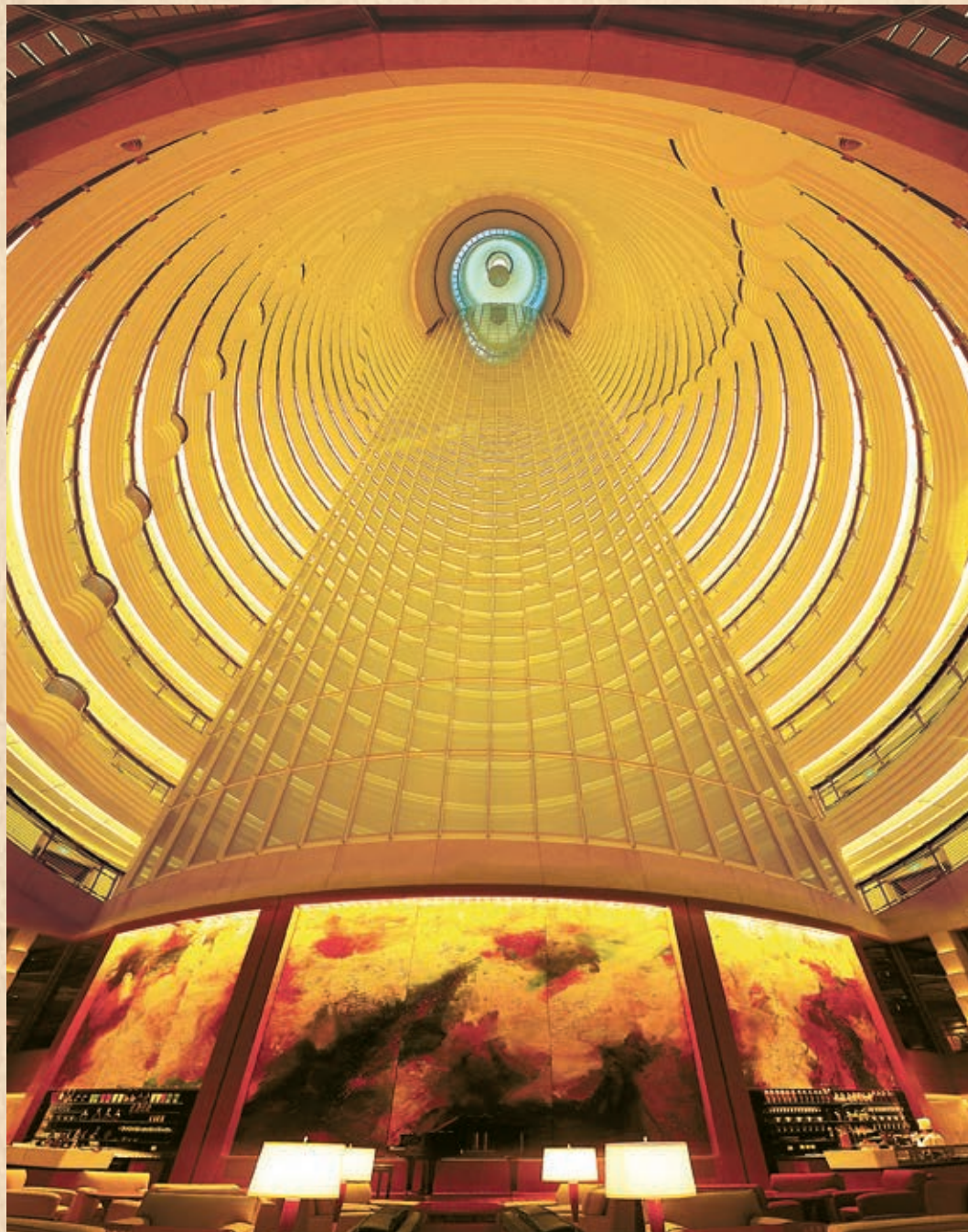
We have based our business in Pudong of Shanghai but have always been holding a global perspective. We are also keeping pace with the times and are dedicated to excellence. From Shanghai to Sanya and from Beijing to Shenzhen, and following on the initial success, the Group always adheres to the principle of “Respecting customers and paying attention to detail”, upholding the quality of Jin Mao and focusing on customer experience.

Through continuous innovation in products, services and business models, we have built our brand value. We have built a mutually beneficial platform that meets and exceeds customer expectations. We have built our value through providing superb guest experience, winning the market through our excellent customer services and will continue to set the industry benchmark.



MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW – HOTEL OPERATIONS SEGMENT

GRAND HYATT
SHANGHAI



▲

MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW – HOTEL OPERATIONS SEGMENT

Located at the Shanghai's iconic landmark Jin Mao Tower, Grand Hyatt Shanghai embraces the scenic view of Shanghai Bund and the beautiful skyline of the city. We have always dedicated ourselves to providing our guests with attentive and professional services. Whether for business or leisure travel, the newly upgraded 555 luxury rooms and suites, along with the multi-functional banquet hall, various restaurants as well as the corresponding ancillary facilities will welcome you with a cordial and memorable stay.



Grand Hyatt Shanghai, located on the 53rd-87th of Jin Mao Tower, commenced operation in 1999. The hotel has been included in the Guinness World Records 2000 as the world's highest hotel. Since its opening, leveraging with its unique landmark location and high quality services, Grand Hyatt Shanghai has won over 100 hotel awards in China and from all over the world.

Grand Hyatt Shanghai embraces the scenic view of Shanghai Bund and the beautiful skyline of the city. The hotel's 555 rooms, the multifunctional banquet hall, various restaurants and the corresponding ancillary facilities will provide our guests with luxurious accommodation, unique dining and entertainment experience.

During the Review Period, Grand Hyatt Shanghai seized the positive market opportunities, by optimizing the marketing strategy and intensifying the cooperation with the wholesalers. It effectively improved its occupancy and achieved a year-on-year increase of 7% for its RevPAR, maintaining its No.1 position of the market share among the

competitors. The occupancy increased 6 percentage points year-on-year, which was much higher than the competitors and the overall market average. For the year ended 31 December 2017, Grand Hyatt Shanghai recorded an occupancy of 85.8% and an average daily rate of RMB1,456 (for the year ended 31 December 2016: 79.8% and RMB1,459). As at the date of this report, the Group owns 100% interest of Grand Hyatt Shanghai.

Grand Hyatt Shanghai	2017	2016
Occupancy	85.8%	79.8%
Average daily rate (RMB)	1,456	1,459
RevPAR (RMB)	1,249	1,164
Rooms revenue (RMB million)	249.8	229.3
Food and beverage revenue (RMB million)	214.7	221.2
Total revenue (RMB million)	471.2	458.0
EBITDA (RMB million)	140.0	130.1
Total basic management fees to the hotel manager (RMB million)	8.8	8.6
Total incentive management fees to the hotel manager (RMB million)	17.7	16.8
Contributions to furniture, fixtures and equipment reserve (RMB million)	13.3	12.9



MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW – HOTEL OPERATIONS SEGMENT

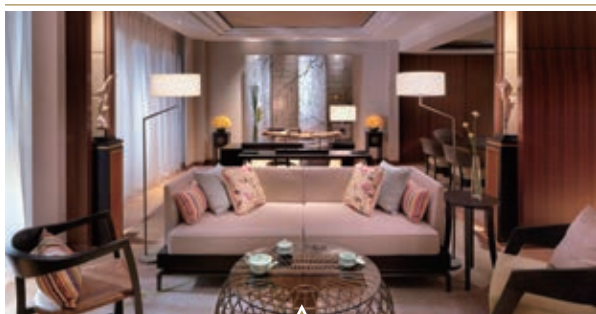
HYATT REGENCY CHONGMING



▲

MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW – HOTEL OPERATIONS SEGMENT

Hyatt Regency Chongming is favorably located in the east of Chongming Island, the third largest island in the PRC, and is surrounded by a beautiful natural environment. It offers fresh organic delicacies, “Hyatt Campus” conference experience and unique pet dogs’ guest rooms, and is an ideal venue for relaxation, holidays and meetings.



Hyatt Regency Chongming is located in the east of Chongming island, the third largest island in the PRC. Chongming island is connected to the Pudong district in Shanghai by Chang Jiang tunnel-bridge, and within 60-minute drive away from the Lujiazui business centre of the Pudong district. Hyatt Regency Chongming is located near Dongtan Wetland Park, which is also a migratory bird reserve. It received the Grand Award for Best International Commercial and Special Use Project at the 51st Annual Gold Nugget Awards applying an ecological design concept on commercial land. Hyatt Regency Chongming is the first five-star resort hotel on Chongming island. The hotel offers 235 rooms (including 21 suites), and includes a combination of the functions of entertainment, sports and fitness, Chinese and Western restaurants, business conferences and accommodation.

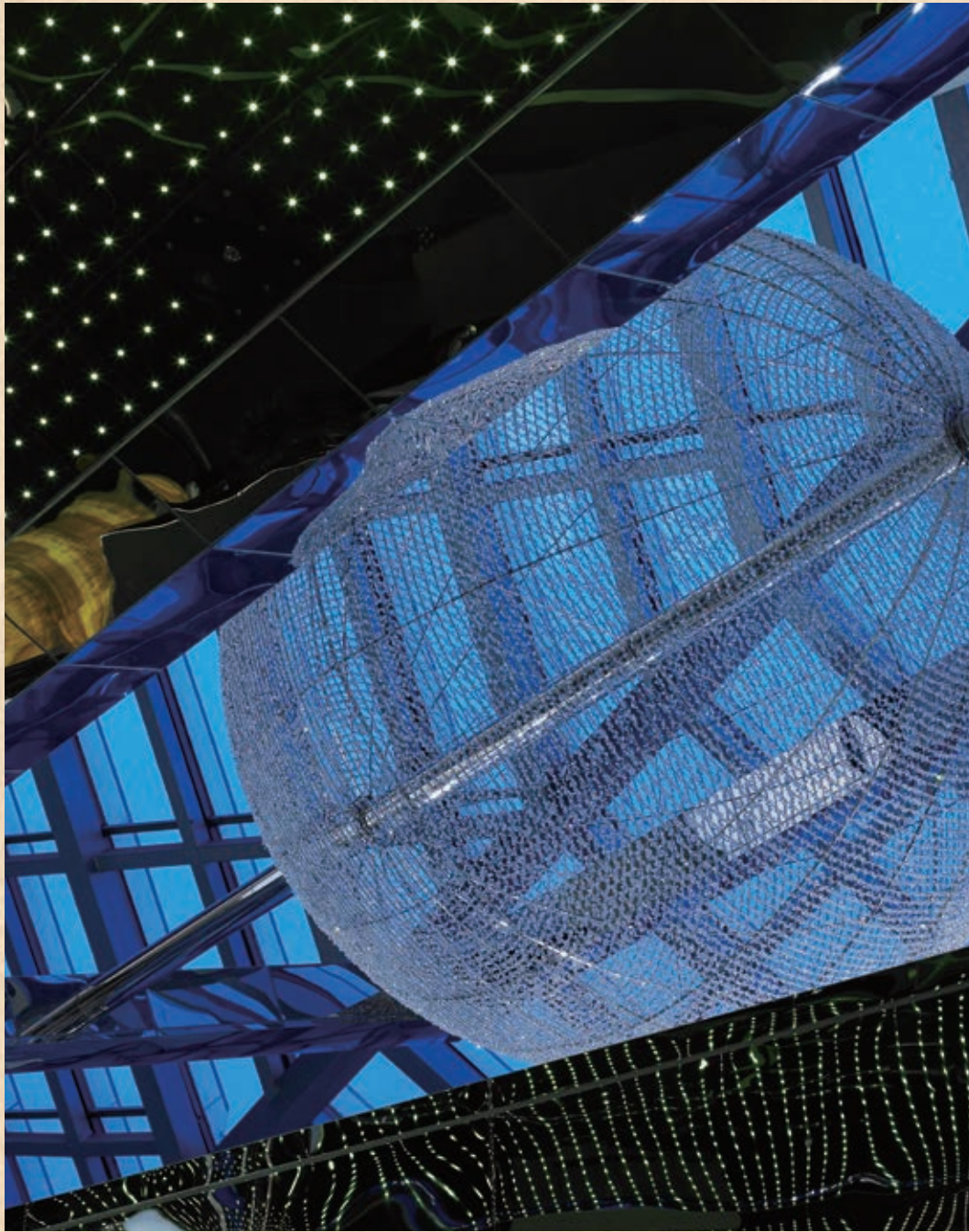
During the Review Period, Hyatt Regency Chongming actively integrated resources, focusing on marketing efforts in tourism, significantly increasing market share of the tour package price market, with the overall market share also showing an upward trend. For the year ended 31 December 2017, Hyatt Regency Chongming recorded an occupancy of 53.8% and an average daily rate of RMB826 (for the year ended 31 December 2016: 52.3% and RMB901). As at the date of this report, the Group owns 100% interest of Hyatt Regency Chongming.

Hyatt Regency Chongming	2017	2016
Occupancy	53.8%	52.3%
Average daily rate (RMB)	826	901
RevPAR (RMB)	444	471
Rooms revenue (RMB million)	38.1	39.9
Food and beverage revenue (RMB million)	34.7	36.1
Total revenue (RMB million)	73.1	75.3
EBITDA (RMB million)	5.9	5.8
Total basic management fees to the hotel manager (RMB million)	1.5	1.6
Total incentive management fees to the hotel manager (RMB million)	0.7	0.8
Contributions to furniture, fixtures and equipment reserve (RMB million)	0.7	0.8



MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW – HOTEL OPERATIONS SEGMENT

THE WESTIN BEIJING CHAOYANG



▲

MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW – HOTEL OPERATIONS SEGMENT

The Westin Beijing Chaoyang is located at the prime area of Chaoyang District, Beijing, adjacent to the renowned Yansha Business Circle and embassies. There is only a 25-minute driving distance from the Beijing Capital International Airport. With its modern design and the provision of perfect service, the hotel becomes the first choice of accommodation for foreign and local politicians and celebrities, as well as business travellers and those who pursue a quality lifestyle.



The Westin Beijing Chaoyang is a 34-storey luxury hotel located in the Yansha Business Circle, near Sanlitun, the central business district of Beijing and embassies, corporate headquarters and retail shopping malls. The Westin Beijing Chaoyang offers 550 rooms (including 53 suites), each offering luxurious accommodation and amenities. Since its opening, the hotel has served numerous foreign heads of states, sports elites and business elites, including former US president George W. Bush, former first lady of the United States Michelle Obama and former president of Singapore S.R. Nathan, as well as the member of the Executive Board of the International Olympic Committee Sam Ramsamy, which represents the high-end brand image of the hotel.

During the Review Period, the Westin Beijing Chaoyang, capitalized on its product strengths and geographical location, actively adjusted its market strategies, thus achieving significant growth in transient guest market and a further increase in its occupancy and average daily rate, improving its market share and remaining at its leading position.

For the year ended 31 December 2017, the Westin Beijing Chaoyang recorded an occupancy of 83.6% and an average daily rate of RMB1,162 (for the year ended 31 December 2016: 82.2% and RMB1,134). As at the date of this report, the Group owns 100% interest of The Westin Beijing Chaoyang.

The Westin Beijing Chaoyang	2017	2016
Occupancy	83.6%	82.2%
Average daily rate (RMB)	1,162	1,134
RevPAR (RMB)	972	932
Rooms revenue (RMB million)	195.1	184.3
Food and beverage revenue (RMB million)	86.8	92.0
Total revenue (RMB million)	303.8	294.8
EBITDA (RMB million)	96.2	92.7
Total basic management fees to the hotel manager (RMB million)	7.6	7.5
Total incentive management fees to the hotel manager (RMB million)	10.8	10.5
Contributions to furniture, fixtures and equipment reserve (RMB million)	12.2	12.0



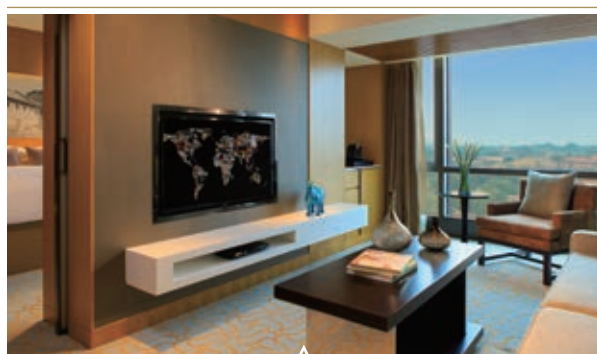
MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW – HOTEL OPERATIONS SEGMENT

RENAISSANCE BEIJING WANGFUJING HOTEL



MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW – HOTEL OPERATIONS SEGMENT

Situated on the Wangfujing Avenue in Beijing’s major business and shopping district, Renaissance Beijing Wangfujing Hotel is uniquely designed with two wings spreading out like an open book. Almost half of its rooms enjoy the marvelous view of The Forbidden City. Its pillar less ballroom with an area of near 1,000 sq. m. and classic courtyard restaurant Hutong Place will allow guests to experience an incredible journey from the past to the present.



Situated on the northern section of Wangfujing Avenue in Beijing’s major business and shopping district, Renaissance Beijing Wangfujing Hotel enjoys superior geographical location with access to a cluster of historical sites and facilities. It is within a short distance to The Forbidden City, Tiananmen Square and Beihai Park, and also offers a bird’s eye view of The Forbidden City. Renaissance Beijing Wangfujing Hotel is a 14-storey luxury hotel and its predecessor is Wangfujing Grand Hotel which opened in 1995. The hotel offers 329 rooms and a number of meeting rooms, catering and other facilities.

During the Review Period, Renaissance Beijing Wangfujing Hotel capitalized on its geographical advantage and accurate market positioning, together with effective marketing activities, achieving a continuous growth in both of its market share and average daily rate and a year-on-year increase of 14% for its RevPAR, which further consolidated the market position. For the year ended 31

December 2017, Renaissance Beijing Wangfujing Hotel recorded an occupancy of 84.4% and an average daily rate of RMB879 (For the year ended 31 December 2016: 79.0% and RMB827). As at the date of this report, the Group owns 100% interest of Renaissance Beijing Wangfujing Hotel.

Renaissance Beijing Wangfujing Hotel	2017	2016
Occupancy	84.4%	79.0%
Average daily rate (RMB)	879	827
RevPAR (RMB)	742	653
Rooms revenue (RMB million)	86.3	74.9
Food and beverage revenue (RMB million)	48.6	44.5
Total revenue (RMB million)	139.4	126.8
EBITDA (RMB million)	31.0	20.8
Total basic management fees to the hotel manager (RMB million)	2.8	2.6
Total incentive management fees to the hotel manager (RMB million)	2.3	1.8
Contributions to furniture, fixtures and equipment reserve (RMB million)	4.2	3.0



MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW – HOTEL OPERATIONS SEGMENT

THE RITZ-CARLTON SANYA, YALONG BAY



▲

MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW – HOTEL OPERATIONS SEGMENT

Situated at the scenic Yalong Bay, the magnificent The Ritz-Carlton Sanya, Yalong Bay, is inspired by the Summer Palace in Beijing. The hotel also provides a pleasant resort experience to its guests through tailored tours on the tropical island which features different cultures all over the world.



Situated at the enchanting Yalong Bay in Sanya, The Ritz-Carlton Sanya, Yalong Bay boasts the majestic views of South China Sea, miles-long beaches and pristine natural beauty. The hotel offers 455 guest rooms, suites and villas with each guest room occupying a floor area of more than 60 square meters. 20 of the guest rooms are luxury suites, 33 are private villas with independent swimming pools and 4 are private villas with outdoor pools, all of which are situated among the secluded white beaches and red mangrove forest conservation zone of the Yalong Bay. Since opening, the hotel has been well received by affluent global travelers and celebrated by the tourism industry, with over 100 awards worldwide.

During the Review Period, the increasing market supply of hotels in Sanya resulted in a continuous decline in average daily rate. The Ritz-Carlton Sanya, Yalong Bay employed proactive marketing strategies and service quality to achieve a slight increase in occupancy, maintaining its leading position in Yalong Bay. For the year ended 31 December 2017,

the Ritz-Carlton Sanya, Yalong Bay recorded an occupancy of 74.8% and an average daily rate of RMB2,129 (for the year ended 31 December 2016: 74.2% and RMB2,207). As at the date of this report, The Ritz-Carlton Sanya, Yalong Bay is 100% owned by the Group.

The Ritz-Carlton Sanya, Yalong Bay	2017	2016
Occupancy	74.8%	74.2%
Average daily rate (RMB)	2,129	2,207
RevPAR (RMB)	1,594	1,637
Rooms revenue (RMB million)	262.6	261.2
Food and beverage revenue (RMB million)	102.7	104.6
Total revenue (RMB million)	381.1	382.5
EBITDA (RMB million)	133.2	148.0
Total basic management fees to the hotel manager (RMB million)	9.6	9.9
Total incentive management fees to the hotel manager (RMB million)	10.2	10.6
Contributions to furniture, fixtures and equipment reserve (RMB million)	15.4	15.8



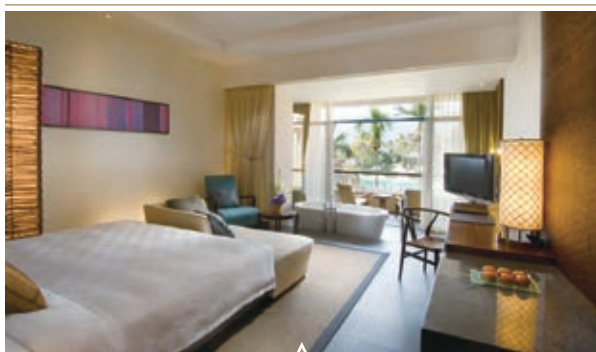
MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW – HOTEL OPERATIONS SEGMENT

HILTON SANYA YALONG BAY RESORT & SPA



MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW – HOTEL OPERATIONS SEGMENT

Hilton Sanya Yalong Bay Resort & Spa is Hilton International's very first global resort built in China. Situated at the Yalong Bay, the most enchanting gulf within South China Sea, Hilton Sanya Yalong Bay Resort & Spa proudly presents eight outdoor swimming pools with various sizes, shapes and functions surrounded by the tropical landscape.



Situated at the enchanting Yalong Bay in Sanya, Hilton Sanya Yalong Bay Resort & Spa offers 501 guest rooms, suites and villas with a spectacular stretch of a 400-metre white sandy beach. This hotel is designed and built with unique features and services to provide a “unique resort experience”, a concept embodying strong southern China's characteristics.

During the Review Period, Hilton Sanya Yalong Bay Resort & Spa completed the renovation of its 138 guest rooms and kids' club and Chinese restaurant. In view of the increasingly fierce market competition and the impact of its renovation, it proactively adjusted its sales strategies, achieving a year-on-year increase of 12% for its RevPAR and significantly increasing its market share. For the year ended 31 December 2017, Hilton Sanya Yalong Bay Resort & Spa recorded an occupancy of 77.8% and an average daily rate of RMB1,319 (for the year ended 31 December 2016: 67.3% and RMB1,360). As at the date of this report, the Group owns 100% interest of Hilton Sanya Yalong Bay Resort & Spa.

Hilton Sanya Yalong Bay Resort & Spa	2017	2016
Occupancy	77.8%	67.3%
Average daily rate (RMB)	1,319	1,360
RevPAR (RMB)	1,026	915
Rooms revenue (RMB million)	184.3	160.3
Food and beverage revenue (RMB million)	53.8	47.8
Total revenue (RMB million)	242.9	212.3
EBITDA (RMB million)	91.0	74.7
Total basic management fees to the hotel manager (RMB million)	3.4	3.2
Total incentive management fees to the hotel manager (RMB million)	6.8	6.0
Contributions to furniture, fixtures and equipment reserve (RMB million)	7.3	6.4



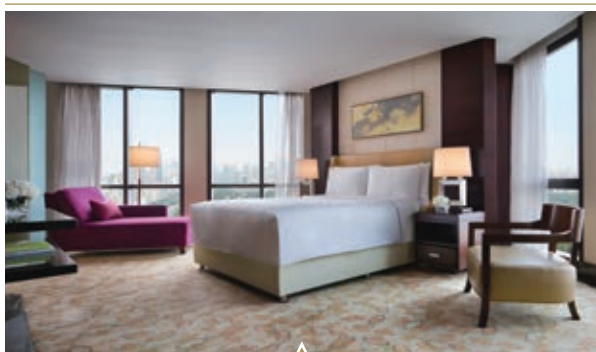
MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW – HOTEL OPERATIONS SEGMENT

JW MARRIOTT HOTEL SHENZHEN



MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW – HOTEL OPERATIONS SEGMENT

JW Marriott Hotel Shenzhen is located at the centre of the Futian Business District in Shenzhen and adjacent to Shenzhen Convention & Exhibition Centre and Shenzhen SDG Golf Club. With its magnificent design, incredible amenities, first-class services and excellent event organizing and catering, the hotel commits to provide a perfect and unforgettable experience for its guests.



JW Marriott Hotel Shenzhen is an international luxury hotel located at the center of the Futian Business District in Shenzhen adjacent to Shenzhen SDG Golf Club. JW Marriott Hotel Shenzhen offers 411 hotel rooms (including 20 suites), each offering luxurious and contemporary accommodations and amenities.

During the Review Period, JW Marriott Hotel Shenzhen constantly optimized its customer mix, strengthened its promotion efforts in standard retail price market and expanded segments such as business customers, achieving a year-on-year increase of 13% for its RevPAR and improved market share. For the year ended 31 December 2017, JW Marriott Hotel Shenzhen recorded an occupancy of 84.6% and an average daily rate of RMB1,039 (for the year ended 31 December 2016: 77.4% and RMB1,005). As at the date of this report, the Group owns 100% interest of JW Marriott Hotel Shenzhen.

JW Marriott Hotel Shenzhen	2017	2016
Occupancy	84.6%	77.4%
Average daily rate (RMB)	1,039	1,005
RevPAR (RMB)	879	778
Rooms revenue (RMB million)	128.6	112.0
Food and beverage revenue (RMB million)	66.8	61.3
Total revenue (RMB million)	204.9	181.9
EBITDA (RMB million)	72.7	56.2
Total basic management fees to the hotel manager (RMB million)	5.1	4.6
Total incentive management fees to the hotel manager (RMB million)	4.3	3.6
Contributions to furniture, fixtures and equipment reserve (RMB million)	8.2	7.4



MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW – HOTEL OPERATIONS SEGMENT

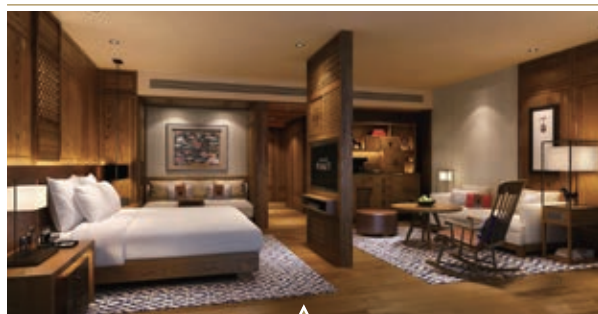
GRAND HYATT LIJIANG



▲

MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW – HOTEL OPERATIONS SEGMENT

Grand Hyatt Lijiang is located at the heart of the Ancient Town of Lijiang and on the Yulong Snow Mountain with picturesque scenery and profound culture, and its design combines local Naxi ethnic architecture and the contemporary style. Guests will embrace the ever changing view of the snow mountain by the window, experience the sense of eternity and inner peace, and enjoy high quality holiday.



Located in the well-known tourist hot spot in China, Lijiang Yunnan, Grand Hyatt Lijiang embraces three UNESCO World Heritage comprising the Old Town of Lijiang, Three Parallel Rivers of Yunnan Protected Areas and Dongba culture. It is spread over two locations, a majestic complex Shuhe Ancient Town at the urban area and a cluster of luxury lodges at the foot of Jade Dragon Snow Mountain. Combining traditional ethnic architecture with contemporary design, Grand Hyatt Lijiang presents the elegance of the traditional culture of the local Naxi community to the guests. Set against the dramatic backdrop of the snow mountains and lakes, Grand Hyatt Lijiang offers its guests the natural beauty and cultural aspects of the ancient town.

The urban area of Grand Hyatt Lijiang is located within Jinmao Whisper of Jade Dragon Complex at the north end of Shangri-La Avenue, within walking distance of Shuhe Ancient Town, and it commenced operations on 28 September 2014.

Grand Hyatt Lijiang Mountain Lodge is located in Ganhaizi meadowland with an elevation of 3,100 meters at the eastern foothill of Yulong Snow Mountain, next to the Guinness World Record holding Jade Dragon Snow Golf Course and 17 kilometres away from the urban area of the hotel. It is the best place to experience the magnificence of the glacier. Grand Hyatt Lijiang Mountain Lodge commenced operation on 2 September 2015.

The GFA of Grand Hyatt Lijiang is 84,384 sq.m., with 401 guest rooms, 312 of which are located in the urban area, and 89 guest rooms are in the Mountain Lodge.

During the Review Period, the high-end tourism market in Lijiang has sluggish demand growth, and the average daily rate remained a downward trend. Grand Hyatt Lijiang enhanced its cooperation with OTA, significantly increasing its occupancy and achieving an increase of 11% for its RevPAR. For the year ended 31 December 2017, Grand Hyatt Lijiang recorded an occupancy of 48.4% and an average daily rate of RMB775 (for the year ended 31 December 2016: 41.5% and RMB814). As at the date of this report, the Group owns 100% interest of Grand Hyatt Lijiang.

Grand Hyatt Lijiang	2017	2016
Occupancy	48.4%	41.5%
Average daily rate (RMB)	775	814
RevPAR (RMB)	375	338
Rooms revenue (RMB million)	53.9	48.1
Food and beverage revenue (RMB million)	24.5	24.1
Total revenue (RMB million)	81.4	75.7
EBITDA (RMB million)	(4.6)	(10.0)
Total basic management fees to the hotel manager (RMB million)	1.6	1.5
Total incentive management fees to the hotel manager (RMB million)	0.3	0.0
Contributions to furniture, fixtures and equipment reserve (RMB million)	0.8	1.0

Note: On 19 January 2018, the Company entered into the termination agreement on the management agreement of Grand Hyatt Lijiang, the franchise right agreement on the Unbound Collection by Hyatt and its supplementary agreement with Hyatt International Corporation, pursuant to which, from 1 March 2018, Grand Hyatt Lijiang became self-owned and managed by the Company, other than being operated and managed by Hyatt International Corporation. Hyatt International Corporation would provide franchise service support and the hotel would be renamed as Lijiang Jinmao Hotel • The Unbound Collection by Hyatt. The Company would no longer pay the hotel management fee to Hyatt International Corporation, but would pay the relevant fee including continuous franchise fee pursuant to the franchise right agreement and the supplementary agreement.



PURSUIT OF HIGH-QUALITY PROPERTIES TO CUSTOMER SATISFACTION



Being the pioneer project of the Company, Jin Mao Tower is built along the river. The building is designed like a Chinese brush, while the podium is designed like an opening scroll. Such design symbolizes writing a long development chapter with the water of Huangpu River. We are always keeping pace with the times and are dedicated to improve customer satisfaction and contribute excellent quality. We will continue to set a model for the industry, leading in contemporary hospitality in commerce, tourism, leisure and entertainment, and to create quality real estate with sustainable development and continuous value enhancement under the mission of operational excellence.



MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW – PROPERTY LEASING SEGMENT





MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW – PROPERTY LEASING SEGMENT

Jin Mao Tower, built along the river, is located in the heart of Lujiazui Finance and Trade Zone, a major financial center in Shanghai. The construction started in 1994 and completed in 1999. The 420.5-metre-high 88-storey tower has a total GFA of 292,475 sq.m., with 130 lifts and 555 hotel rooms. The tower comprises of modern offices, a five-star hotel, entertainment and retail space and other facilities. As a combination of Chinese pagoda form and Western architectural technologies, this intelligent high class building is designed by SOM Chicago, one of the largest American architectural firms. The iconic tower has become Shanghai's famous landmark, winning numerous awards at home and abroad including Best Structure Award Structural Engineers Association of Illinois, the First Prize of New China 50th Anniversary Shanghai Top 10 Classic Architecture Gold Awards and 20th International Union of Architects Creative Achievement Award.

The first two floors of Jin Mao Tower serve as the lobby, while the 3rd-50th floors are modern office space (including the evacuation floors on the 15th and 30th floors which contain non-rental areas). The 51st and 52nd floors are occupied by mechanical and electrical services, while the 53rd-87th floors are occupied by Grand Hyatt Shanghai. The observation deck at the 88th floor is a hot tourist attraction. Retail space of Jin Mao Tower includes a shopping complex Shanghai J•LIFE located inside the six-level podium which has a lobby and retail shops at the lower ground level.

As a pioneer project of the Group, enhancing functional capabilities and operational efficiency have always been the primary tasks of Jin Mao Tower. The Group's principal business has sustained organic growth through nurturing and strengthening its organizational capabilities for functionality and brand extension. The economic value of Jin Mao Tower has been established, and by realizing its strategy of "Taking Root at and Reaching out from Jin Mao", it has further expanded the value of Jin Mao.

As at the date of this report, the Group owns 100% interest of Jin Mao Tower.

JIN MAO TOWER OFFICE

The 3rd-50th floors of Jin Mao Tower provide Grade A office spaces with a total GFA of approximately 137,121 sq.m. and a leasable area of 124,503 sq.m. There are five groups of 26 highspeed lifts, exclusively serving the office floors, which can comfortably transport guests in speed to their offices directly without the need to change lift. The design of 5-6 lifts for every ten floors ensures that the waiting time for guests during the rush hour will not be more than 35 seconds, providing convenient vertical transportation. Benefiting from its prime location and excellent services, Jin Mao Tower has become one of the most favored venues to well-known domestic enterprises, multinational corporations and international organizations for setting up their offices in Shanghai, including 21 Fortune 500 companies. Major tenants include finance and trading companies, law firms, consultancy firms.

MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW – PROPERTY LEASING SEGMENT

During the Review Period, Jin Mao Tower Office overcame the market competition within the Lujiazui Finance and Trade Zone and actively responded to the effects of terminations of office premise leases by Internet finance enterprises and certain subsidiaries of state-owned enterprises due to self-built buildings, increasing efforts to introduce premier customers and resulting in 8 premium customers. The overall customer structure was steadily improved with a continue and steady growth in average rental and the occupancy as at 31 December 2017 was 97.7%. In 2017, area under new leases was 16,559 sq.m. and the average rental income of newly contracted areas was higher than the average market level. As of 31 December 2017, the Jin Mao Tower office has achieved an occupancy of 97.7% (31 December 2016: occupancy of 90.3%).

Jinmao Tower office	2017	2016
Occupancy	97.7%	90.3%
Revenue (RMB million)	453.7	439.6
EBITDA (RMB million)	401.8	391.3



Shanghai J•LIFE

Shanghai J•LIFE, located on the six-level podium of Jin Mao Tower, occupies a GFA of 35,659 sq.m. and has a leasable area of 10,405 sq.m.. Tenants include retail stores, clinics, financial service providers as well as Chinese and western restaurants. The mall has become one of the lifestyle service centers in Pudong New District of Shanghai. During the Review Period, “Jin Mao J•LIFE” actively overcame the impact of Internet financial companies, adjusted its business layout and optimized its tenant structure. As of 31 December 2017, Shanghai J•LIFE has achieved 100% occupancy (31 December 2016: occupancy of 94.8%), with an average rent remaining in a market-leading position.

SHANGHAI J•LIFE	2017	2016
Occupancy	100%	94.8%
Revenue (RMB million)	53.1	50.7
EBITDA (RMB million)	41.6	48.7



▲

MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW – PROPERTY LEASING SEGMENT



▲

Observation Deck, 88th Floor, Jin Mao Tower

The observation deck on the 88th floor of Jin Mao Tower, stands at a height of 340.1 meters. With an area of 1,520 sq.m., it is one of the first 4A tourist attractions in China. Standing atop and looking afar, visitors can enjoy a breathtaking cityscape view of the Huangpu River and panoramic view of the mouth of the Yangtze River. Visitors can also enjoy an upside down view of the atrium of Grand Hyatt Shanghai below, described by architects, scientists and writers as “Shared Space”, “Golden Ring” and “Time Tunnel”. Two high-speed express lifts, travelling at 9.1 meters per second, take visitors from the basement to the observation deck on the 88th floor in just 45 seconds. In addition, the Observation Deck on the 88th floor of Jin Mao Tower concerned about the visitors experience and further enriched the entertainment, education and fashion in the products. The first outdoor skywalk project in Mainland China has been put into trial operation. The project will offer tourists with highly innovative and challenging high-altitude

stroll adventure under the guidance of instructors on the glass-floored platform extended from the Observation Deck. This project has received enthusiastic response from the market and has attracted media coverage by both domestic and foreign media. During the Review Period, the observation deck attracted 1,209.0 thousands domestic and overseas visitors (for the year ended 31 December 2016: 1,040.3 thousands visitors).

OBSERVATION DECK, 88TH FLOOR, JIN MAO TOWER	2017	2016
Visitors (thousand)	1,209.0	1,040.3
Revenue (RMB million)	63.2	55.5
EBITDA (RMB million)	27.9	23.3

Other Businesses

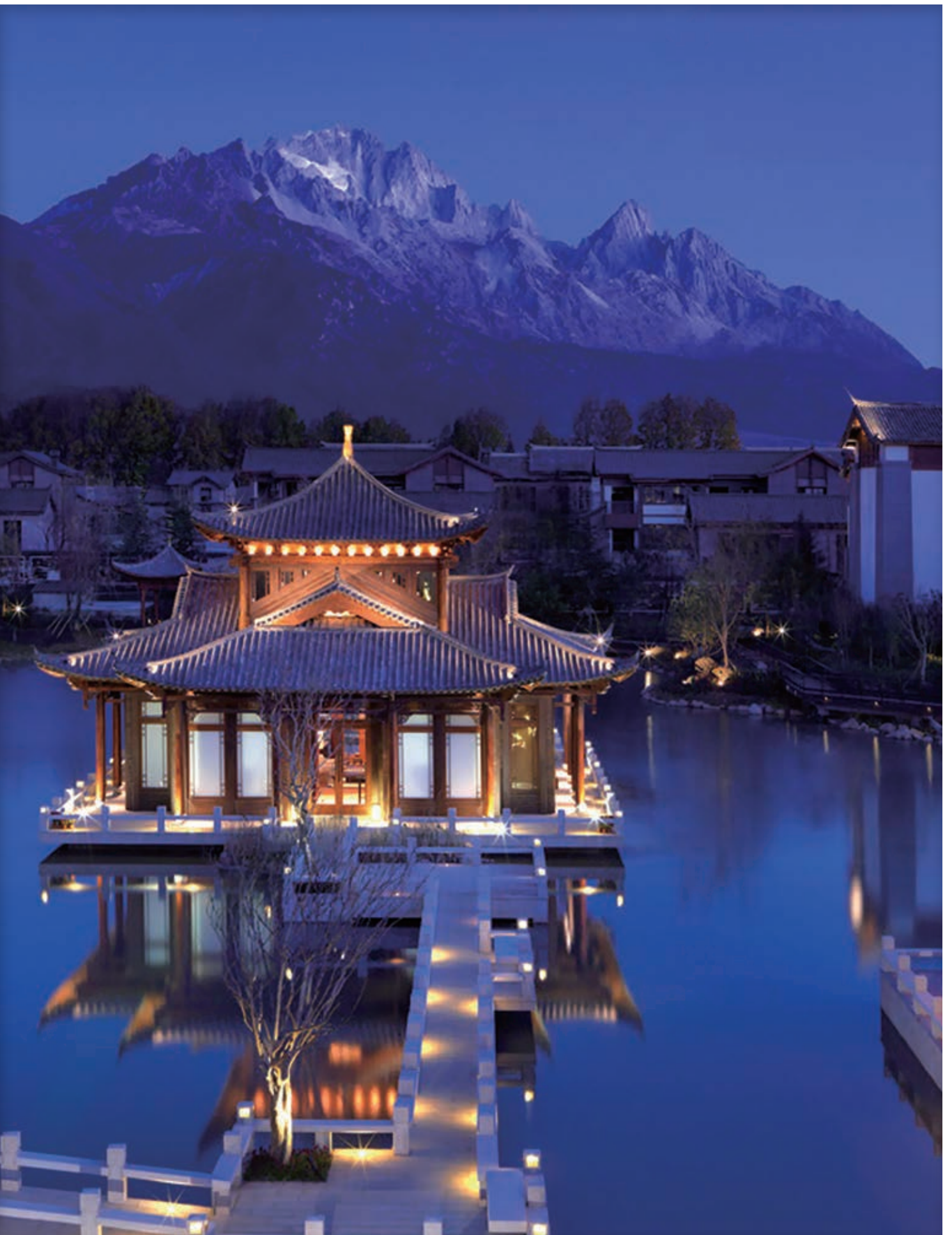
Our businesses also include property management services as well as taxi and car chauffeur services provided by our joint venture partners.



HEADING

RECASTING GLORY

Through over ten years of professional management and operation, we have launched our strategic blueprint based on the domestic market and with a global outlook. Leveraging on our capital, branding, management and human resources, we will further increase our pace of business expansion. We are actively enhancing our strength in strategic innovation and continuously seeking improvement in operations. Our objective is to create a professional hotel asset management platform that leads in the domestic market and has an international standing. We will strive to discover and create new value in the industry.





MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS REVIEW – FUTURE PROSPECTS

In 2017, the growth rate of China's domestic economy was steady, and the growth rate of GDP throughout the year remained at a high level of 6.9%. The growth rate of tourism industry exceeded the economic growth rate and continued to lead. The competitions among the high-end hotels in major cities remained fierce while the market demand was strong. Meanwhile, the scale of online tourism market expanded rapidly and the increase in investment of high-end hotels has slowed down. The basic trend of healthy development in the China's hotel industry is increasingly stable with a bright prospect. Looking forward, as the domestic and overseas tourism economy continues to flourish, Shanghai, Beijing, Shenzhen, Sanya, Lijiang and other high-end hotel markets will continue to prosper. The Company will focus on hotel operations as its core business, seek valuable investment projects and focus on cultivating profit growth in asset-light businesses, in order to become a internationally renowned, domestic first-class hotel investor and operator.





MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW – FUTURE PROSPECTS

The Group will leverage the Hotel Arrangements as described in the Prospectus. At the same time, the Group will actively identify high-end hotel properties in first-tier cities and tourist hot spots in China to further enhance the quality and size of its asset portfolio and fully capitalize on the opportunities of market growth and asset value appreciation of its hotel properties.

We still devote ourselves to enhancing our services and management standards as well as operation efficiency. As the mobile internet continues to develop and smart phones become ever more popular, we will accelerate the integration of mobile internet into our traditional business. We will follow the customer consumption trends on a timely basis to provide convenient, fast and comprehensive services to satisfy consumer needs, attract more guests and achieve higher customer satisfaction, with the aim of building the most superior and leading hotel portfolio among our peers.





MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Overall Financial Review

For the year ended 31 December 2017, profit attributable to Holders of Share Stapled Units amounted to RMB219.9 million, representing a decrease of 41% from RMB374.6 million for last year. Without taking into account the impact of fair value changes on investment properties, profit attributable to Holders of Share Stapled Units amounted to RMB190.9 million, representing an increase of 41% from RMB135.2 million for last year.

I. Revenue

For the year ended 31 December 2017, revenue of the Group amounted to RMB2,595.4 million, representing an increase of 6% from RMB2,450.8 million for last year, which was mainly attributable to the increase in the revenue from the hotel operation and other segments.

In 2017, the Group's revenue from hotel operations was approximately RMB1,902.7 million, representing an increase of 5% as compared to last year. The Group's revenue from property leasing was approximately RMB514.4 million, representing an increase of 4% as compared to last year. Revenue from others, primarily including the Observation Deck on the 88th floor of Jin Mao Tower and property management, increased by 22% as compared to last year, which was mainly attributable to the increase in revenue from property management.

For the year ended 31 December					
	2017		2016		
	RMB million	Percentage of revenue (%)	RMB million	Percentage of revenue (%)	Annualised percentage change (%)
Hotel operations	1,902.7	73	1,808.7	74	5
Property leasing	514.4	20	495.8	20	4
Others	178.3	7	146.3	6	22
Total	2,595.4	100	2,450.8	100	6

II. Cost of sales and gross profit margin

For the year ended 31 December 2017, cost of sales of the Group was approximately RMB1,109.7 million (2016: RMB1,066.0 million) and the overall gross profit margin of the Group in 2017 was 57%, which increased slightly as compared to that of 2016. During the period, the occupancy and the rental level of the property leasing segment increased slightly and gross profit margin remained at a high level of 92% (2016: 91%). The gross profit margin of hotel operations was 50% (2016: 49%), which increased slightly as compared to last year.



MANAGEMENT DISCUSSION AND ANALYSIS
FINANCIAL REVIEW

III. Fair value gains on investment properties

For the year ended 31 December 2017, fair value gains on investment properties of the Group amounted to RMB38.8 million, which comprised primarily the fair value gains of the office and retail portions of Jin Mao Tower, which decreased by 88% as compared to last year.

IV. Other income and gains

For the year ended 31 December 2017, other income and gains of the Group amounted to approximately RMB22.6 million, representing a decrease of 56% as compared to RMB51.4 million in last year, which was mainly due to the decrease of government grants as compared to that of 2016.

V. Selling and marketing expenses

For the year ended 31 December 2017, selling and marketing expenses of the Group was RMB152.4 million, increasing by 5% from RMB145.4 million of last year, which was mainly due to the increase in the expenses of marketing activities and incentives for marketing staff. Selling and marketing expenses comprise primarily advertising expenses, commissions paid to the relevant sales agencies and other expenses in relation to market promotion incurred in the Group's daily operations.

VI. Administrative expenses

For the year ended 31 December 2017, administrative expenses of the Group amounted to RMB743.0 million, representing an increase of 6% from RMB702.1 million in last year, which was mainly due to the increase in depreciation expenses of properties, expenses for IT upgrades, consultancy fee and foreign exchange losses. Administrative expenses comprise primarily staff costs, depreciation of properties, urban real estate tax, property insurance expenses, IT system expenses, consultancy fee and foreign exchange losses.

VII. Finance costs

For the year ended 31 December 2017, finance costs of the Group were RMB280.7 million, representing a decrease of 12% from RMB319.9 million in last year, which was mainly due to the decrease in average financing interest rate.

VIII. Income tax expense

For the year ended 31 December 2017, the Group had an income tax expense of RMB149.6 million, representing a decrease of 31% from RMB216.6 million in last year.



MANAGEMENT DISCUSSION AND ANALYSIS
FINANCIAL REVIEW

IX. Profit attributable to Holders of Share Stapled Units

For the year ended 31 December 2017, profit attributable to Holders of Share Stapled Units amounted to RMB219.9 million, representing a decrease of 41% as compared to RMB374.6 million in last year, mainly attributable to the decrease of gain on changes in fair value of investment properties. After excluding the above impact, in 2017, profit attributable to Holders of Share Stapled Units has a year-on-year increase of 41%.

X. Property, plant and equipment

As at 31 December 2017, property, plant and equipment amounted to RMB7,117.1 million, representing a decrease of 3% from RMB7,335.7 million as at 31 December 2016 due to the property depreciation.

XI. Investment properties

As at 31 December 2017, investment properties are RMB8,781.2 million, which mainly comprised Jin Mao Tower (the leasable portion). The fair value gain from investment properties for the year amounted to RMB38.8 million.

XII. Trade receivables

As at 31 December 2017, trade receivables were RMB93.8 million, representing an increase of 21% from RMB77.2 million as at 31 December 2016, which was primarily due to the increase in rental receivables from leasing properties and receivables from hotel operations.

XIII. Trade and bills payables

As at 31 December 2017, trade and bills payables were RMB86.7 million, representing a decrease of 34% from RMB130.4 million as at 31 December 2016, which was mainly due to the decrease in payables from hotel operations.

XIV. Other payables and accruals

As at 31 December 2017, other payables and accruals were RMB978.6 million, which was basically the same as RMB975.8 as at 31 December 2016.

XV. Interest-bearing bank and other borrowings

As at 31 December 2017, interest-bearing bank and other borrowings (including current and noncurrent) were RMB7,288.6 million, increasing by 5% from RMB6,922.1 as at 31 December 2016, which was mainly due to the increase in short-term borrowings during the Review Period.

XVI. Gearing ratio

The Group monitors its capital on the basis of the net debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings less restricted bank balances and cash and cash equivalents. Adjusted capital comprises all components of equity as well as the amounts due to related parties. The Group aims to maintain the net debt-to-adjusted capital ratio at a reasonable level. The net debt-to adjusted capital ratio as at 31 December 2017 and 31 December 2016 were as follows:

	As at 31 December 2017 (RMB million)	As at 31 December 2016 (RMB million)
Interest-bearing bank and other borrowings (current and non-current)	7,288.6	6,922.1
Less: cash and cash equivalents restricted bank balances	(920.3) (26.9)	(810.3) (22.0)
Net debt	6,341.4	6,089.8
Total equity	6,478.4	6,535.5
Add: amount due to related parties	1,705.6	2,081.0
Adjusted capital	8,184.0	8,616.5
Net debt-to-adjusted capital ratio	77%	71%

Note: Net debt-to-adjusted capital ratio increased during the Period, which was mainly due to the decrease in amounts due to related parties during the Review Period.

XVII. Liquidity and capital resources

The Group primarily uses its cash to fund working capital and daily recurring expenses of the property leasing and hotel operations, and the repayment of the Group's indebtedness. The Group has financed its liquidity requirements primarily through internal resources, bank and other loans and issue of mid-term notes and short-term commercial papers.

As at 31 December 2017, the Group had cash and cash equivalents of RMB920.3 million, mainly denominated in RMB, HK dollar and US dollar (as at 31 December 2016: RMB810.3 million).



MANAGEMENT DISCUSSION AND ANALYSIS
FINANCIAL REVIEW

As at 31 December 2017, the Group had total interest-bearing bank and other borrowings of RMB7,288.6 million (as at 31 December 2016: RMB6,922.1 million). An analysis of the interest-bearing bank and other borrowings of the Group is set out as follows:

	As at 31 December	
	2017 (RMB million)	2016 (RMB million)
Within one year	5,250.5	3,285.4
In the second year	2,038.1	1,728.5
In the third to fifth years, inclusive	–	1,908.2
Beyond five years	–	–
Total	7,288.6	6,922.1

Interest-bearing bank and other borrowings of approximately RMB5,250.5 million were repayable within one year shown under current liabilities. The Group's borrowings are denominated in RMB, HK dollar and US dollar. As at 31 December 2017, save as interest-bearing bank and other borrowings of approximately RMB3,619.1 million that bore interest at fixed rates, other interest-bearing bank loans and other borrowings of the Group bore interest at floating rates. There is no material seasonal effect on the Group's borrowing requirements.

As at 31 December 2017, the Group had banking facilities of up to RMB11,446.9 million, which were all denominated in RMB, HK dollar and US dollar. The amount of banking facilities utilized was RMB7,288.6 million.

The Group's net cash inflow of RMB110.8 million for the year ended 31 December 2017 mainly consisted of:

1. A net cash inflow of RMB890.8 million from operating activities, which was mainly attributable to property rental income and net revenue from hotel operations.
2. A net cash outflow of RMB293.6 million from investing activities, which was mainly attributable to payment of construction fees for hotel projects.
3. A net cash outflow of RMB486.4 million from financing activities, which was mainly attributable to the payment of distributions, the repayment of bank loans and payment of loan interest.

XVIII. Pledge of assets

As at 31 December 2017, the Group has no pledge of assets.



MANAGEMENT DISCUSSION AND ANALYSIS
FINANCIAL REVIEW

XIX. Contingent liabilities

Details of the Group's contingent liabilities as at 31 December 2017 are set out in note 32 to the consolidated financial statements of the Trust Group.

XX. Capital commitments

Details of the Group's capital commitments as at 31 December 2017 are set out in note 34 to the consolidated financial statements of the Trust Group.

XXI. Market risk

The Group's assets are predominantly in the form of investment properties and hotel assets. Our business and operating results are subject to global and PRC economic conditions, the regulatory environment affecting the hospitality industry in the PRC and customer demand in the cities where we operate.

XXII. Interest rate risk

The Group is exposed to interest rate risk resulted from fluctuations in interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's overseas debt obligations. An increase in interest rates will increase the interest expense relating to the Group's outstanding floating interest rate borrowings and increase the cost of new debt. The Group does not currently use any derivative instruments to manage the interest rate risk.

XXIII. Foreign currency exchange risk

Substantially all of the Group's revenue and costs are denominated in RMB. The Group reports its financial results in RMB. The Group's distributable income is settled in HK dollar. As a result, the Group is exposed to the risk of fluctuations in foreign exchange rates. During the second half of 2017, the Group uses the financial derivatives to partially hedge and control foreign exchange risk and all hedging activities adopt hedging accounting. The Group cannot assure that any future hedging activities will protect the Group from fluctuations in exchange rates.

XXIV. Employees and remuneration policies

As at 31 December 2017, the Group employed 4,191 staff in total. The Group provides competitive salaries and bonuses for its employees, as well as other benefits, including retirement schemes, medical insurance schemes, accident insurance schemes, unemployment insurance schemes, maternity insurance schemes and housing benefits. The Group's salary levels are regularly reviewed against market standards.

XXV. Share option scheme

During the Review Period, the Group had no share option scheme.

XXVI. Material acquisitions and disposals

During the Review Period, no material acquisition or disposal was carried out by the Group.



INVESTOR RELATIONS REPORT

Investor Relations Activities in 2017

March

- ▲ Announcement of 2016 results
 - Results presentation
 - Analysis seminar
- ▲ Carrying out non-deal roadshows in Hong Kong

May

- ▲ Participation in the investors meeting in Hong Kong held by HSBC

June

- ▲ Participation in the investors meeting in Hong Kong held by Citibank
- ▲ Participation in the investors meeting in Beijing held by JPMorgan Chase

- ▲ Organising Advertising Campaign for Analyst in Hong Kong
- ▲ Carrying out non-deal roadshows in Hong Kong

August

- ▲ Announcement of 2017 interim results
 - Results presentation
 - Analysis seminar
- ▲ Carrying out non-deal roadshows in Hong Kong and Singapore

September

- ▲ Participation in Investor Meeting held by Nomura in Shanghai
- ▲ Organising Advertising Campaign for Analyst in Hong Kong

Communication with Holders of Share Stapled Units

The Boards and senior management of the Company recognize their responsibility to represent the interests of all Holders of Share Stapled Units. Communication with Holders of Share Stapled Units and accountability to Holders of Share Stapled Units is a high priority of the Company.

To enhance its transparency, the Company is committed to communicating its information to investors and other stakeholders through various channels in a timely and accurate manner to enable investment decision-making by existing and prospective investors. Furthermore, the Company believes that effective and adequate communication would allow us to receive suggestions from investors including our strategic positioning, project

investments which would enable the Company to adequately consider the potential impact of the market in the decision-making process.

The Company mainly provides information to the Holders of Share Stapled Units through the following means: the Company has preliminarily established diversified communication channels with its investors so as to update the investors with the latest information concerning the Company in a convenient and expeditious manner:

- ▲ The annual reports and interim reports of the Company will be delivered to the Holders of Share Stapled Units and investors as well as the analysts who pay attention to the performance of the Company in accordance with the Listing Rules.



INVESTOR RELATIONS REPORT

- ▲ The Company held its interim annual results presentation to announce its results and outlook and respond to investors and the media's inquiries.
- ▲ The Company maintained good communication and exchanges with investors through investor hotlines, email and results presentation. It handled queries from investors conscientiously and kept relevant records to convey investors' concerns and views to its management in a timely manner.
- ▲ The Directors and the management of the Company had attended regular meetings with securities analysts and investors, securities analyst briefings, investor group briefings, overseas roadshows and investor conferences.
- ▲ Project visits are organized and if needed, site visits are organized for investors and analysts to directly visit the properties of the Company and communicate with management so as to enhance investor's understanding of the Company.
- ▲ It set up an online investor relations data management platform to gather information relating to investor relations management from within the PRC and from overseas in a methodologically effective and timely manner, including archives relating to receiving and communicating with investors, analysts and media.

Feedback from Investors

The Company highly values the feedback from investors. During the Year, the Company has conducted a number of summary and analysis on the advices of investors and analysts in order to keep abreast of the effectiveness of the Company's investor relations function. Based on the feedback from investors, the Company will further improve the quality of communication accordingly to better communicate with investors and analysts in the future.

Prospects of Our Investor Relations Work

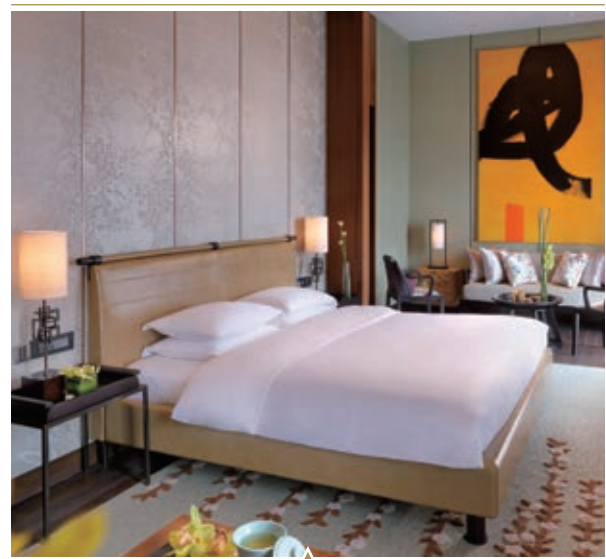
The Company will further enhance the investor relations management platform, to improve the efficiency and increase the transparency of its information disclosure to ensure that all investors will be able to promptly and fairly obtain relevant information of the Company, while complying with the Listing Rules and the applicable laws.

Investor Enquiries

Tel: +86 21 50476688-2327

Fax: +86 21 50470088-2327

Email: investors@jinmao88.com





PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Directors



Mr. LI Congrui

Chairman and Non-executive Director

Mr. LI Congrui, aged 47, was appointed as the non-executive Director of the Trustee-Manager and the Company on 25 March 2014 and was appointed as the Chairman of the Board on 29 April 2016. He has been the Vice President of China Jinmao since April 2009, the executive director of China Jinmao since June 2011, the executive director and Chief Executive Officer of China Jinmao since January 2013, and the director of China Jin Mao (Group) since February 2013, and the chairman of China Jin Mao (Group) since November 2015, respectively. He also holds positions in a number of subsidiaries of China Jinmao, including the chairman of Sinochem Franchise Properties (Beijing) Co., Ltd., the chairman of Jinmao Investment (Changsha) Co., Ltd. and an executive director of Jinmao Investment Management (Shanghai) Co., Ltd.. Mr. LI joined Sinochem Group in 1997, and held various senior management positions in Shanghai Orient Terminal Co., Ltd. and Sinochem International Industrial

Corporation. From 2003 and prior to joining China Jinmao, he has been the director and the general manager of Zhoushan State Oil Reserve Base Company Limited (舟山國家石油儲備基地有限責任公司). Mr. LI has over 20 years of experience in strategy management, corporate governance, organisational construction, appraisal and analysis on project investment, project management and large-scale project construction.

Mr. LI graduated from the Petroleum Department of China University of Geosciences (Wuhan) with a bachelor's degree in petroleum geology and exploration in 1994. He obtained a master's degree in petroleum development from the Research Institute of Petroleum Exploration & Development in 1997 and an executive master's degree in business administration from China Europe International Business School (CEIBS) in 2007.



PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Directors



Mr. ZHANG Hui
Non-executive Director

Mr. ZHANG Hui, aged 47, was re-designated to non-executive director of the Trustee-Manager and the Company on 19 October 2017. He was the Chief Executive Officer and the executive director of the Trustee-Manager and the Company from March 2014 to October 2017. Mr. ZHANG has been the senior vice president of China Jinmao since October 2017. He currently serves as the executive director of many subsidiaries of China Jinmao including Chongqing Maoxiu Properties Co., Ltd. and Jin Mao (Lijiang) Properties Co., Ltd.. He joined Sinochem Group in 2002 and held a number of senior positions including general manager of Shanghai Orient Terminal Co., Ltd.. He had been the vice president of China Jinmao from January 2010 to July 2014. He has also been a director since January 2010 and the general manager of China Jinmao (Group) from January 2010 to October 2017. Before

joining Sinochem Group, he worked at Shanghai Offshore Petroleum Bureau of China Petrochemical Corporation from 1995 to 2002. Mr. ZHANG has over 20 years of experience in large-scale project development and management, project investment planning and corporate governance.

Mr. ZHANG graduated from China University of Geosciences (Wuhan) with a bachelor's degree in oil and gas reservoir engineering in June 1995 and obtained a master's degree in business administration from China Europe International Business School in September 2008. He obtained the Professional Certificate of Specialty and Technology as a senior economist from Sinochem Group in December 2011. He was a delegate in the 14th Session of the Shanghai Municipal People's Congress.



PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Directors



Ms. LAN Haiqing
Non-executive Director

Ms. LAN Haiqing, aged 51, was appointed as the non-executive Director of the Trustee-Manager and the Company on 29 April 2016. Ms. LAN has been the vice president of China Jinmao since December 2007, the senior vice president of China Jinmao since March 2017, and the director of China Jin Mao (Group) since October 2015. Ms. LAN also holds positions in a number of subsidiaries of China Jinmao. She currently serve as the director of Sinochem Franshion Properties (Beijing) Co., Ltd., Jinmao Investment (Changsha) Co., Ltd., Changsha Jinmao City Construction Limited. From 1997 to 2007, Ms. LAN served as the deputy general manager and general manager of Sinochem Qingdao Golden Beach Hotel and the general manager

and chairman of Wangfujing Hotel Management Co., Ltd.. Ms. LAN has over 20 years of hotel management experience and has accumulated extensive experience in the appraisal and analysis of investments, product positioning and project operational management of real estate complex projects.

Ms. LAN graduated from Ocean University of China in 1988 and obtained an executive master's degree in Business Administration from Shandong University in 1998 and obtained a master's degree from Les Roches School of Hospitality Management in Switzerland in June 2000.



PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Directors



Mr. JIANG Nan
Non-executive Director

Mr. JIANG Nan, aged 44, was appointed as the non-executive Director of the Trustee-Manager and the Company on 25 March 2014. Mr. JIANG joined China Jinmao in 2006 as the Chief Financial Officer and has been involved in the day-to-day management of China Jinmao such as accounting and financing, capital market, investor relations, and the guidance and management of budget assessment. He was appointed as an executive director of China Jinmao in August 2015. Mr. JIANG joined Sinochem Group in August 1995 and worked in the Finance Department from 1995 to 2002. He was the Treasurer of Sinochem Hong Kong from August 2002 to January 2006, responsible for financial management and investment affairs, and

operation of the overseas funds of Sinochem Group. He served as the executive director of China Jinmao from 2007 to 2011 and has been the director of China Jinmao (Group) since December 2008. Mr. JIANG has over 20 years of experience in corporate finance and accounting management.

Mr. JIANG graduated from China Institute of Finance with a bachelor's degree in finance in July 1995 and a master's degree in finance from Central University of Finance and Economics in 2003. He obtained the Accounting Qualification Certificate in 1999. He is now a member of the Association of International Accountants (AIA).



PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Directors



Mr. TANG Yong

Executive Director and Chief Executive Officer

Mr. TANG Yong, aged 49, was appointed as executive director and Chief Executive Officer of the Trustee-Manager and the Company on 19 October 2017. He is responsible for the operation and management of the Group. Mr. TANG was the deputy general manager of the Company from 20 January 2017 to 18 October 2017. Mr. TANG joined China Jin Mao (Group) in May 2000 and has held a number of positions in China Jin Mao (Group) and its subsidiaries including assistant to the general manager and deputy general manager of the Human Resources Division, director of the administration and human resources division of Shanghai Property Management, deputy general manager and general manager of Shanghai Property Management, general manager of the Human Resources Division, general manager of the Technical Support Division

and the assistant to the general manager and deputy general manager of China Jin Mao (Group). From 1991 to 2000 before joining China Jin Mao (Group), Mr. TANG has worked at Shanghai Crane & Conveyor Works Co., Ltd.. He has approximately 27 years of experience in corporate governance and human resources management.

Mr. TANG is also the chairman of Shanghai Jin Mao Jin Jiang Automobile Service Company Limited.

Mr. TANG graduated from Shanghai University in July 1991 with a bachelor's degree in history. He is the holder of the title of political engineer and the Human Resources Management Practitioner Qualification Certificate.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Directors



Dr. CHEN Jieping
Independent non-executive Director

Dr. CHEN Jieping, aged 64, was appointed as the independent non-executive Director of the Trustee-Manager and the Company on 25 March 2014. Dr. CHEN is also a member of the remuneration and nomination committee of the board of directors of the Company and the chairman of the audit committee of the board of directors of the Company and the Trustee-Manager. Dr. CHEN is currently an independent non-executive director of Shenzhen Worldunion Properties Consultancy Incorporated (stock code: 002285), a company listed on the Shenzhen Stock Exchange, an independent non-executive director of HJ Capital (International) Holdings Company Limited (stock code: 00982) and Shanghai La Chapelle Fashion Co., Ltd. (stock code: 06116), which are companies listed on the Stock Exchange, and an independent director of Saurer Intelligent Technology Co., Ltd. (stock code: 600545), a company listed on the Shanghai Stock Exchange. Dr. CHEN served as an independent non-executive director of Shanghai DragonNet Technology Co., Ltd. (stock code: 300245), a company listed on the Shenzhen Stock Exchange, and Industrial Securities Co., Ltd. (stock code: 601377), a company listed on the Shanghai Stock Exchange.

Dr. CHEN has over 16 years of experience in accounting. He was the Associate Dean, a Professor of the Senior Management Master of Business Administration Program of the China Europe International Business School from 2009 and 2016. Dr. CHEN was the Head of the Department of Accountancy of the City University of Hong Kong from 2005 to 2008.

Dr. CHEN obtained a bachelor's degree in Science and a master's degree in hospitality management, respectively, from the University of Houston in August 1990. He obtained a master's degree in business administration from the University of Houston in May 1992 and a doctoral degree in business administration from the University of Houston in August 1995.



PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Directors



Dr. CHUNG Shui Ming Timpson
Independent non-executive Directors

Dr. CHUNG Shui Ming Timpson, GBS, JP, Dssc (Hon), aged 66, was appointed as an independent non-executive Director of the Company and the Trustee-Manager on 25 March 2014. Dr. CHUNG is also the chairman of the remuneration and nomination committee of the board of directors of the Company. Dr. CHUNG is currently an independent non-executive director of China Unicom (Hong Kong) Limited (stock code: 0762), Glorious Sun Enterprises Limited (stock code: 0393), Miramar Hotel and Investment Company, Limited (stock code: 0071), China Overseas Grand Oceans Group Limited (stock code: 0081), China Everbright Limited (stock code: 0165), China Construction Bank Corporation (stock code: 0939) and China Railway Group Limited (stock code: 0390), which are companies listed on the Stock Exchange. Dr. CHUNG served as an independent non-executive director of China Everbright Bank Co., Ltd. (stock code: 601818) and China State Construction Engineering Co., Ltd. (stock code: 601668), both of which are companies listed on Shanghai Stock Exchange, as well as an independent non-

executive director of Nine Dragons Paper (Holdings) Limited (Stock Code: 02689) and Henderson Land Development Company Limited (stock code: 0012), both of which are companies listed on the Stock Exchange.

Dr. CHUNG is well-versed in accounting, finance, finance and corporate management and has over 30 years of experience in accounting and corporate management. Dr. CHUNG served as the Audit Supervisor of Coopers & Lybrand, Chairman of the Hong Kong Housing Society and Chief Executive Officer of Shimao International Holdings Limited.

Dr. CHUNG graduated from the University of Hong Kong in November 1976 with a Bachelor of Science degree. He obtained a master's degree in business administration from the Chinese University of Hong Kong in October 1987 and was awarded an Honorary Doctoral Degree in social science from the City University of Hong Kong in November 2010. Dr. CHUNG is also a fellow member of the Hong Kong Institute of Certified Public Accountants.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Directors



Dr. XIN Tao
Independent non-executive Director

Dr. XIN Tao, aged 61, was appointed as the independent non-executive Director of the Trustee-Manager and the Company on 9 June 2015. Dr. XIN is also a member of the remuneration and nomination committee of the board of directors of the Company. Dr. XIN was the consultant to China World Hotel of China World Trade Center Company Limited (中國國際貿易中心有限公司) and the vice chairwoman of China World Trade Property & Hotel Management Co., Ltd. (國貿物業酒店管理公司). Dr. XIN has over 30 years of experience in hotel management. From 1983 to 1988, she was the deputy director of the Food and Beverage Department at Beijing Jinglun Hotel. From 1988 to 2014, Dr. XIN was the deputy general manager at China World Hotel and Traders Hotel Beijing of China World Trade Center, the deputy general manager at China World Summit Wing of China World Trade Center, the general manager at Traders Hotel Beijing of China World Trade Center, and the assistant to the general manager at China World Trade Center Company Limited, respectively. Dr. XIN also served various social positions, such as the secretary general of China Tourist Hotel Association (中國旅遊飯店業協會), a member of the National Tourism Standards Committee (國家旅遊標準委), the deputy

director of National Star Rating Committee of Experts (國家星評委專家委員會), the chairwoman of the board of supervisors of Beijing Tourism Industry Association (北京旅遊協會), the accommodation expert for Beijing 2008 Olympic Summer Games, the accommodation expert for Beijing 2022 Olympic Winter Games Bid Committee. As a senior expert in the hotel industry, Dr. XIN Tao also serves as the visiting professor and industry mentor at the Beijing Second Foreign Language Institute and Tourism Institute of Beijing Union University, the chief inspector and a consultant of Beijing Hospitality Institute (中瑞酒店管理學院).

Dr. XIN graduated from Beijing Tourism Institute (currently named as Tourism Institute of Beijing Union University) with a bachelor's degree in economics in tourism management in 1983. She obtained a master's degree in business administration from the Faculty of Business of Hull University, UK in 1998. She obtained a doctoral degree in engineering in the system engineering direction from the Faculty of Information and Electronic Engineering of the South China University of Technology in 2003.



PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

The Senior Management Of The Group



Ms. ZHANG Runhong

Ms. Zhang Runhong, aged 40, is the head of finance of the Group and concurrently the head of finance of China Jinmao (Group) and the general manager of Jinmao (Hainan) Investment Co., Ltd. Ms Zhang joined China Jinmao (Group) in 2003 and served as a number of positions of China Jinmao (Group) and its subsidiaries, including deputy finance director of Shanghai Grand Hyatt and The Ritz-Carlton Sanya, Yalong Bay, Deputy General Manager and General Manager of the Finance Department. Ms. Zhang has nearly 15 years of experience in financial analysis and management.

Ms. Zhang also serves as the chairman of Jinmao (Shanghai) Property Services Co., Ltd., Jinmao Hainan Investment Co., Ltd. and Jin Mao (Li Jiang) Hotel Investment Company Ltd., and a director of Shanghai Jinmao Jinjiang Automotive Services Co.,

Ltd., Jinmao Sanya Travel Co., Ltd., Jinmao Sanya Resort Hotel Co., Ltd., Jinmao (Beijing) Real Estate Co., Ltd., Jinmao Shenzhen Hotel Investment Co., Ltd., Wangfujing Hotel Management Co., Ltd., Li Long (Shanghai) Hotel Management Co., Ltd. and Shanghai Jinmao Sheng Rong Yacht Club Limited, a company held as to 23% by China Jinmao.

Ms. Zhang graduated from Shanghai University of Finance and Economics in June 2000 with a bachelor's degree in international accounting. In February 2003, Ms. Zhang obtained a master's degree in accounting from Shanghai University of Finance and Economics. Ms. Zhang holds the qualification certificate of Chinese Certified Public Accountant and Certified Commercial Investment Member.

The Senior Management Of The Group



▲
Mr. ZENG Fei

Mr. ZENG Fei, aged 40, is the deputy general manager of the Group and of China Jinmao (Group) and the chairman of Labour Union of China Jinmao (Group). Mr. ZENG joined Sinochem Group in June 2004 and has held a number of positions, including staff at Operation Division of Sinochem International Oil Corporation, deputy manager to the CEO of Sinochem. From August 2009 to February 2016, he has been the deputy general manager of the General Affairs Department, the deputy officer in the office of general manager (chaired) and the officer in the office of the general manager of China Jinmao and an assistant to the general manager of China Jinmao (Group) from February 2016 to January 2017. Mr. ZENG has approximately 13 years of experience in corporate governance.

Mr. ZENG is also a director of Shanghai Jinmao Jin Jiang Automobile Service Company Limited, the chairman of Jin Mao Sanya Tourism Company Ltd., Jin Mao Sanya Resort Hotel Company Ltd., Beijing Jin Mao Real Estate Company Ltd., Jinmao Shenzhen Hotel Investment Co., Ltd. and Wangfujing Hotel Management Co., Ltd.

Mr. ZENG graduated from Peking University in July 2001 with a bachelor's degree in laws. He also held a master's degree in laws from the said university in June 2004. Mr. Zeng holds a PRC legal professional qualification certificate and the title of Political Administrator.



PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

The Senior Management Of The Group



Mr. ZHANG Wei

Mr. ZHANG Wei, aged 42, is an assistant to the general manager of the Group and of the China Jinmao (Group). Mr. ZHANG joined China Jinmao (Group) in July 1998 and had held a number of positions in China Jinmao (Group) and its subsidiaries including assistant to the general manager of the Office Building Division, deputy general manager of the Business Development Division, deputy general manager of the Office Building Division and deputy general manager and general manager of Shanghai Property Management. He has approximately 20 years of experience in corporate governance, office building sales and leasing and property management.

Mr. ZHANG was also the chairman of Li Long (Shanghai) Hotel Management Company Ltd and the deputy chairman of Shanghai Jinmao International Cruising-Yacht Company Limited, a company held as to 23% by China Jinmao.

Mr. ZHANG graduated from Fudan University in July 1998 with a bachelor's degree in law and obtained an EMBA degree from the same university in January 2011. He is a holder of the Certificate of Certified Commercial Investment Member.



CONSOLIDATED CORPORATE GOVERNANCE REPORT

Governance and Compliance

Jinmao Hotel, a trust constituted by the Trust Deed dated 13 June 2014 entered into between Jinmao (China) Investments Manager Limited, as the trustee-manager of Jinmao Hotel, and the Company under the laws of Hong Kong, which has been established as a fixed single investment trust, with its activities being limited to investing in the Company and anything necessary or desirable for investing in the Company or in connection with the Company.

Under the Trust Deed, the Trustee-Manager and the Company must ensure that, subject to the exercise of the exchange right, each Unit remains linked to a specifically identified ordinary share of the Company registered in the principal register of members of the Company in the Cayman Islands in the name of the Trustee-Manager (in its capacity as trustee-manager of Jinmao Hotel) and that each Unit remains stapled to a specifically identified preference share of the Company.

The Trust Deed contains provisions prohibiting the Trustee-Manager and the Company from taking any action which would result in the Units and the ordinary shares of the Company ceasing to be linked or in the Units and the preference shares of the Company ceasing to be stapled; or from refraining from doing any act required to maintain those relationships. The terms and conditions of the Trust Deed and all deeds supplemental to it shall be binding on each unitholder and all persons claiming through such unitholder. The rights and interests of Holders of Share Stapled Units are contained in the Trust Deed. Under the Trust Deed, those rights and interests are safeguarded by the Trustee-Manager.

The Trust Deed is available for download on the websites of the Stock Exchange and the Company.

Compliance with the Corporate Governance Code

This consolidated Corporate Governance Report of the Trust and the Company sets out a summary of the key processes, systems and measures used by the Trust, the Trustee-Manager and the Company in implementing the corporate governance framework for the year ended 31 December 2017. Pursuant to the Trust Deed, the Trustee-Manager shall ensure the compliance by Jinmao Hotel with the applicable Listing Rules and other relevant laws and regulations. The Company shall ensure compliance with the Listing Rules and other relevant laws and regulations. Each of the Trustee-Manager and the Company shall cooperative with each other to ensure that each party complies with the obligations imposed by the Listing Rules, including, without limitation, the disclosure obligations and coordinate disclosure to the Stock Exchange.

The Trustee-Manager Board and the Company Board have played a critical and supervisory role in the corporate governance duties of Jinmao Hotel and the Company through review of the overall corporate governance arrangement and approval of governance policies. Both Boards are responsible for overseeing their respective compliance with the Corporate Governance Code and shall review the disclosures set out in this consolidated corporate governance report.



CONSOLIDATED CORPORATE GOVERNANCE REPORT

Throughout the year ended 31 December 2017, Jinmao Hotel (through the Trustee-Manager) and the Company had complied with the applicable code provisions as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules and adopted some recommended best practices set out in the Corporate Governance Code if applicable. The requirement to establish a nomination committee is not relevant to the Trustee-Manager because the Trust Deed requires that the Directors of the Trustee-Manager shall at all times comprise the same individuals who serve as Directors of the Company. The requirement to establish a remuneration committee is also not relevant to the Trustee-Manager as its Directors are not entitled to any remuneration payable by the Trust or the Trustee-Manager, and the Trustee-Manager does not have any employee.

Data of Share Stapled Units

As at 31 December 2017, there were a total of 2,000,000,000 Share Stapled Units in issue. Each Share Stapled Unit refers to the combination of the following securities or interests in securities:

- 1) a Unit;
- 2) the beneficial interest in a specifically identified ordinary share of HK\$0.0005 each of the Company linked to the Unit and held by the Trustee-Manager as legal owner (in its capacity as trustee-manager of Jinmao Hotel); and
- 3) a specifically identified preference share of HK\$0.0005 each of the Company stapled to the Unit.

Subject to the provisions in the Trust Deed, the Units can only be dealt with together and may not be dealt with individually or one without the others.

As of the date of this report, no new Share Stapled Units have been issued by Jinmao Hotel and the Company.

The Boards

Responsibilities of the Boards

The Trustee-Manager Board is responsible for taking all reasonable steps to ensure that the Trustee-Manager discharges its duties under clause 2.6 (Duties of Trustee-Manager) of the Trust Deed, including but not limited to, acting honestly and in good faith in the best interest of all the registered holders of Units as a whole, giving priority to the interests of all the registered holders of Units as a whole over its own interests in the event of a conflict between the interests of all the registered holders of Units as a whole and its own interests, ensuring that the Trust Property is properly accounted for and be answerable to the registered holders of Units for the application or misapplication of any Trust Property; disclosing fully to the registered holders of Units its interests in contracts with the Trust and/or the Group.



CONSOLIDATED CORPORATE GOVERNANCE REPORT

The Company Board is responsible for setting out the overall development strategy and business objectives of the Group, monitoring the financial conditions of the Company and overseeing the performance of the management team with a view to creating value for the Holders of Share Stapled Units by fostering the sustainable development of the Company. The power of the Company Board is distinguished from that of the management of the Company in accordance with the provisions of the Company's Articles. The duties of day-to-day management as well as business operations of the Group are delegated to the senior management, who is responsible for the execution of the business strategy and initiatives adopted by the Company Board.

For the year ended 31 December 2017, the Company had arranged appropriate liabilities insurance coverage to protect the Directors and the senior management of the Trustee-Manager and the Company against potential legal actions so that the Directors would be in a better position to perform their duties and prevent risks.

The executive Director works full-time for Jinmao Hotel and the Company, and all the non-executive Directors and independent non-executive Directors have confirmed to the Trustee-Manager and the Company that they contributed sufficient time and attention to the affairs of Jinmao Hotel and the Company for the year ended 31 December 2017.

Composition of the Boards

The Trust Deed requires that:

- 1) the Trustee-Manager Board shall at all times comprise the same individuals who serve as Directors of the Company;
- 2) no person shall serve as a Director of the Trustee-Manager unless he also serves as a Director of the Company at the same time; and
- 3) no person shall serve as a Director of the Company unless he also serves as a Director of the Trustee-Manager at the same time.

Accordingly, the compositions of the Trustee-Manager Board and the Company Board are the same at all times.



CONSOLIDATED CORPORATE GOVERNANCE REPORT

With respect to the board diversity, the Directors of the Company have different professional backgrounds, providing professional advice to the Company in their respective area of expertise. As of the date of this report, the compositions of the Trustee-Manager Board and the Company Board are the same and the Boards consisted of the following eight Directors and the details are as follows:

Non-executive Directors

Mr. LI Congrui (Chairman)

Mr. ZHANG Hui (re-designated from an executive Director to a non-executive Director on 19 October 2017, and resigned as Chief Executive Officer on the same day)

Ms. LAN Haiqing

Mr. JIANG Nan

Executive Director and Chief Executive Officer

Mr. TANG Yong (appointed on 19 October 2017)

Independent non-executive Directors

Dr. CHUNG Shui Ming Timpson

Dr. CHEN Jieping

Dr. XIN Tao

Mr. ZHANG Hui has been re-designated from executive Director of the Trustee-Manager and the Company to a non-executive Director of the Trustee-Manager and the Company, with effect from 19 October 2017. Mr. ZHANG Hui has also resigned as Chief Executive Officer of the Trustee-Manager and the Company with effect from the same date. Mr. TANG Yong has been appointed as an executive director and Chief Executive Officer of the Trustee-Manager and the Company, with effect from 19 October 2017.

Each Director (including independent non-executive Director) has entered into a separate letter of appointment with the Trustee-Manager and the Company for a period of three years, subject to the provision of re-election pursuant to the Company's and the Trustee-Manager's respective articles of associations. According to the Trust Deed, the Trustee-Manager Board shall always be composed of the individuals who also serve as Directors of the Company. A Director of the Trustee-Manager shall resign from his office if he ceases to be a Director of the Company. A Director of the Company shall resign from his office if he ceases to be a Director of the Trustee-Manager.

Pursuant to the Trust Deed and the Company's Articles, any Director appointed either to fill a casual vacancy or as an addition to the Company Board and the Trustee-Manager Board, shall hold office only until the next following AGM and shall then be eligible for re-election.

Pursuant to Article 29.2(m) of Trust Deed and Article 16.3 and 16.21 in the Company's Articles, Ms. LAN Haiqing, Mr. JIANG Nan and Mr. TANG Yong will be subject to retirement by rotation and, being eligible, offer themselves for re-election at the 2017 AGM.

Biographical details of the Directors and the senior management are set out on pages 58 to 68 of this annual report. The members of the Boards have no financial, business, family or other material/relevant relationships with each other.



CONSOLIDATED CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

There is a clear segregation of these two positions of our Chairman and Chief Executive Officer to ensure an appropriate balance of power and authority. The Chairman is responsible for providing leadership to the Boards, ensuring the effective operation of the Boards, performing his stated duties and discussing all important and appropriate issues on a timely basis to ensure that the Boards act in the best interests of Jinmao Hotel. In addition, the Chairman should promote a culture of openness by facilitating the effective contribution of Director (in particular, non-executive Directors). The Chief Executive Officer is responsible for the day-to-day management and operation of the Company, execution of strategies set by the Company Board, formulation and execution of policies of the Company, and is accountable to the Company Board for the overall operation of the Company.

The positions of the Chairman and the Chief Executive Officer are held by different persons. The Company is of the opinion that duties and obligations between the Chairman and the Chief Executive Officer have been well separated. The division between the operation and management of the Board and the day-to-day management function of the Company's operation is clearly established with an appropriate balance of power and authority and there is no excessive concentration of power in one person.

Board Diversity

To achieve sustainable and balanced development, the Company considers that having a diversified Board is crucial to fulfill its strategic objectives and achieve sustainable development. In determining the composition of the Board, the Company seeks to achieve Board diversity through the consideration of a number of factors. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The selection of candidates by the Company is based on a number of criteria on diversity, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. During the reporting period, the Remuneration and Nomination Committee made recommendations to the Board with respect to the appointment of Directors having due regard to the above diversity requirements. For future appointment and re-appointment, the Remuneration and Nomination Committee will also make recommendations to the Board with respect to the appointment of Directors according to the diversity policy of the Company so as to achieve Board diversity.

Independence of independent non-executive Directors

Each of the Trustee-Manager Board and the Company Board has three independent non-executive Directors in compliance with the requirements under the Listing Rules that the number of the independent non-executive Directors shall account for at least one-third of the members of the Board and at least one of them shall have appropriate financial management expertise. Each independent non-executive Director has confirmed his independence to the Trustee-Manager Board and the Company Board, and the Boards are of the view that these Directors are independent of the Trustee-Manager and the Company under the independence guidelines set out in Rule 3.13 of the Listing Rules.



CONSOLIDATED CORPORATE GOVERNANCE REPORT

Meetings of the Boards and committees under the Boards

During the Review Period, the Trustee-Manager and the Company jointly held four regular Board meetings and signed four written resolutions, the Trustee-Manager Audit Committee and the Company Audit Committee jointly held three committee meetings, the Remuneration and Nomination Committee of the Company signed four written resolutions, and the Independent Board Committee of the Company held one committee meeting.

Attendance at regular meetings of the Boards and committees under the Boards and its details as follows:

Name of Director	Joint Board meeting of the Trustee-Manager and the Company	Joint Audit Committee meeting of the Trustee-Manager and the Company
	No. of meetings attended /No. of meetings held (Attendance rate)	
Non-executive Directors		
Mr. LI Congrui (Chairman)	4/4/100%	–
Mr. ZHANG Hui (re-designated to a non-executive Director on 19 October 2017)	3/4/75% ⁽¹⁾	–
Ms. LAN Haiqing	2/4/50% ⁽²⁾	–
Mr. JIANG Nan	4/4/100%	3/3/100%
Executive Director and Chief Executive Officer		
Mr. TANG Yong (appointed on 19 October 2017)	1/1/100%	–
Independent non-executive Directors		
Dr. CHUNG Shui Ming Timpson	3/4/75% ⁽¹⁾	–
Dr. CHEN Jieping	4/4/100%	3/3/100%
Dr. XIN Tao	4/4/100%	3/3/100%

- Notes:
- (1) The Company has issued a notice of the meeting to all Directors of the Company in accordance with the Company's Articles, Mr. ZHANG Hui, Dr. CHUNG Shui Ming Timpson failed to attend to one regular meeting of the Board due to other business commitment and they had informed the chairman of the meeting in advance. The number of Directors attending the relevant meeting had reached the quorum;
 - (2) The Company has issued a notice of the meeting to all Directors of the Company in accordance with the Company's Articles, Ms. LAN Haiqing failed to attend to two regular meeting of the Board due to other business commitment and she had informed the chairman of the meeting in advance. The number of Directors attending the relevant meeting had reached the quorum.



CONSOLIDATED CORPORATE GOVERNANCE REPORT

Directors' continuous professional development and access to information

The Company has encouraged Directors and the administrative staff to take comprehensive professional development courses and seminars on the Listing Rules, Companies Ordinance/company law and Corporate Governance Code organised by Hong Kong professional bodies, independent auditors and/or associations, which would enable them to continuously and further refresh their related knowledge and skills. The Directors are also provided with written training materials from time to time to develop and review their professional skills.

The Directors actively participate in continuous professional development, develop and refresh their knowledge and skills to ensure that their contributions to the Boards remain informed and relevant. During the Review Period, each Directors participated in various external trainings, seminars and forums. Mr. LI Congrui attended a number of conferences, including "CRECC 2017 Annual Conference", "Minsheng Bank Real Estate and Finance Seminars" and "Citibank CEO Day in Hong Kong". Mr. ZHANG Hui attended conferences such as CRECC Haikou Summit and "2017 Asia-Pacific Hotels Cooperation Forum". Mr. JIANG Nan attended seminars and trainings including "2017 Macquarie Group Real Estate Annual Meeting" in the United States, "Urban Construction and Industrial Finance Development Forum", "2017 China Merchant Bank Real Estate Summit Forum", "Promoting Smart City Development Workshop", "China Jinmao and Wanko Finance Sharing Centre", "Wuhan Centralized Signing Center Exchange Learning Activities", "China Jinmao and Wanko Finance Sharing Centre and Wuhan Centralized Signing Centre Exchange Activities", and "Exchange Activities between China Jinmao and Insurance Asset Management Association of China".

The Company provides a monthly magazine named "Beyond" to all the Directors on a monthly basis, including information in relation to the operational data of the Company, strategy implementation, market analysis, capital markets and compliance and governance, and provides access to information about Jinmao Hotel and the Company to Directors, which endeavours to promptly provide to help them make informed decisions and act with a view to the best interest of the Holders of Share Stapled Units as a whole. The Directors may seek independent professional advice to perform their duties and responsibilities. Such advice may be obtained at the expense of Jinmao Hotel and the Company upon reasonable request.

Responsibility for preparation of the financial account

The Trustee-Manager Board and the Company Board are responsible for the preparation of the financial account of the Trust Group and the Trustee-Manager for the year ended 31 December 2017 to give a true and fair view of the operating results and financial conditions of the Trust Group and the Trustee-Manager

Our auditor has responsibility for its report on the financial statements of the Trust Group and Trustee-Manager and has made a statement as to its reporting responsibility on pages 111 to 115 and pages 199 to 201 of the "Independent Auditor's Report", respectively.

Committees under the Boards

The Trustee-Manager Board has established its Audit Committee. The Trustee-Manager Audit Committee functions in its area of expertise and reports its decisions and makes its recommendations to the Trustee-Manager Board.

The Board of the Company has established four committees, namely the Audit Committee, the Remuneration and Nomination Committee, the Independent Board Committee and the Strategy and Investment Committee. Each committee functions in its area of expertise and reports its decisions and recommendations to the Company Board.



CONSOLIDATED CORPORATE GOVERNANCE REPORT

Audit Committees of the Trustee-Manager and the Company

The Trust Deed requires that the composition of the Company Audit Committee and the Trustee-Manager Audit Committee must be the same.

The Trustee-Manager and the Company have established their own respective Audit Committees with specific written terms of reference which clearly set out their authority and duties. Their terms of reference were approved at the joint meeting by the Boards of the Trustee-Manager and the Company respectively on 25 March 2014 and were amended by the joint Board meeting of the Trustee-Manager and the Company on 29 June 2016, and were uploaded to the websites of the Stock Exchange and the Company available for downloading.

The major terms of reference of the committees include:

- ▲ to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- ▲ to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- ▲ to develop and implement policy on engaging an external auditor to supply non-audit services, and report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- ▲ to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them;
- ▲ to review the Company's financial controls, and to review the Company's risk management and internal control systems; to discuss the risk management and internal control system with the management to ensure that management has performed its duty to have effective systems and that resources, employees' qualifications and experiences are adequate for performing the accounting and financial reporting functions, and the training courses received by employees and any budgets in relation thereto are sufficient; to consider major investigations findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- ▲ to ensure coordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;



CONSOLIDATED CORPORATE GOVERNANCE REPORT

- ▲ to review the Company's financial and accounting policies and practices; to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response; to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- ▲ to establish and review the system for direct reporting by employees of the Company, through which they can raise concerns about possible improprieties in financial reporting, internal control or other matters in confidence. The Audit Committee shall be entitled to take any action which it thinks appropriate and necessary for investigation of any unusual situation of the Company and to report it to the Board as and when necessary. The Committee should also ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- ▲ to act as the key representative body for overseeing the Company's relations with the external auditor; and
- ▲ to report to the Board on the matters set out above, and to deal with any other matters authorised by the Board.

As at the date of this report, members of the Trustee-Manager Audit Committee and the Company Audit Committee included independent non-executive Directors Dr. CHEN Jieping and non-executive Director Mr. JIANG Nan and Dr. XIN Tao. Dr. CHEN Jieping was also the chairman of the Trustee-Manager Audit Committee and the Company Audit Committee.

For the year ended 31 December 2017, the Trustee-Manager Audit Committee and the Company Audit Committee held three meetings in total. All members of the committee have attended the above meetings.

For the year ended 31 December 2017, the review of the financial reporting and internal control of the Trustee-Manager Audit Committee and the Company Audit Committee included the following:

- ▲ monitoring the financial statements of the Trust Group and the Trustee-Manager, auditing the 2016 Annual Report of the Trustee-Manager and the Company and reviewing the completeness and accuracy of the 2017 interim report and the formal announcement relating to the financial performance of the Trustee-Manager and the Company;
- ▲ approving the remuneration and terms of engagement of the external auditor and making recommendations to the Boards on the appointment of the external auditor;
- ▲ reviewing the annual pre-audit results, profit forecast, audit strategies and significant matters for 2017; and
- ▲ approving the 2016 internal review work summary, internal control work report and the 2017 work plans for internal review and internal control.

The Head of Finance and the auditors of the Company sat for the 3 meetings as mentioned above.



CONSOLIDATED CORPORATE GOVERNANCE REPORT

Remuneration and Nomination Committee of the Company

The Company has established the Remuneration and Nomination Committee with specific written terms of reference which clearly set out its authority and duties. The terms of reference were approved by the Company Board on 25 March 2014 and were amended by the joint Board meeting of the Trustee-Manager and the Company on 29 June 2016, and were uploaded to the websites of the Stock Exchange and the Company available for downloading.

The major terms of reference of the committee include:

- ▲ to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, and to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- ▲ to identify individuals who are qualified to become members of the Board and to select or make recommendations to the Board on the selection of individuals nominated for directorship;
- ▲ to examine the standards and procedures for selection of Directors and senior management and to make recommendations to the Board;
- ▲ to review the qualifications and abilities of candidates for directorship and senior management and to make recommendations to the Board;
- ▲ to assess the independence of the independent non-executive Directors;
- ▲ to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular, the chairman and the chief executive;
- ▲ to consult with the chairman and/or the chief executive on remuneration of the other executive Directors and to seek independent professional advices as and when necessary;
- ▲ to make recommendations to the Board on the policies and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- ▲ to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management, including monetary benefits, benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and to make recommendations to the Board on the remuneration of non-executive Directors;
- ▲ to review and approve the management's remuneration proposals with reference to the Board's corporate strategies, goals and objectives;
- ▲ to consider salaries paid by comparable companies, time commitment for discharging responsibilities, and employment conditions of other positions in the Company and its subsidiaries;



CONSOLIDATED CORPORATE GOVERNANCE REPORT

- ▲ to determine the criteria for assessing the executive Directors' and senior management's performance and appraise the performance of the executive Directors and senior management, and to participate in appraisal process or seek professional assistance and advice as and when necessary;
- ▲ to review and approve compensation payable to the executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- ▲ to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- ▲ to ensure that no Director or any of his associates is involved in deciding his own remuneration; and
- ▲ to deal with any other matters authorised by the Board.

As at the date of this report, members of the Remuneration and Nomination Committee of the Company included independent non-executive Director Dr. CHUNG Shui Ming Timpson, non-executive Director Mr. LI Congrui and independent non-executive Director Dr. CHEN Jieping. Dr. CHUNG Shui Ming Timpson was also the chairman of the Remuneration and Nomination Committee of the Company.

During the Review Period, the Remuneration and Nomination Committee of the Company signed four written resolutions. All members of the committee have voted for the above written resolutions.

For the year ended 31 December 2017, nomination, appointment, review and determination of remuneration packages of the Remuneration and Nomination Committee of the Company included the following:

- ▲ proposing the appointment of Executive Director and Chief Executive Officer, one non-executive Director and two senior management member based on the standards and procedures for selection of the Directors of the Company, and submitting such recommendations to the Company Board for review and approval;
- ▲ reviewing the structure, size and composition (including the skills, knowledge and experience) of the Company Board;
- ▲ determining the remuneration packages of executive Director and some members of the senior management based on the operating results and profit of the Group and with reference to the rates of other companies, both domestically and overseas, and the prevailing market rates, and making recommendations to the Company Board; and
- ▲ assessing the independence of the independent non-executive Directors.



CONSOLIDATED CORPORATE GOVERNANCE REPORT

Independent Board Committee of the Company

The Company has established the Independent Board Committee with specific written terms of reference which clearly set out its authority and duties. The terms of reference were approved by the Company Board on 18 August 2014.

The major terms of reference of the committee include:

- ▲ responsible for overseeing the implementation of non-compete undertakings and the Hotel Arrangements, especially reviewing on an annual basis the compliance by China Jinmao with the terms of the non-compete undertaking and the Hotel Arrangements, based on the Hotel Arrangements Deed entered into between China Jinmao and the Company on 13 June 2014 and non-compete undertakings in any subsequent amendments, if any, made through lawful procedures and certain arrangements relating to the existing and future interests of the China Jinmao Group in hotels as agreed by the parties in the Hotel Arrangements Deed;
- ▲ for the connected transactions and transactions subject to independent shareholders' approval under the Listing Rules, or spin-off listings subjected to approval under the Listing Rules, to examine whether the terms thereunder are fair and reasonable, and in the interest of the issuer and its shareholders as a whole, and to make recommendations; and
- ▲ to deal with any other matters authorised by the Board.

As at the date of this report, members of the Independent Board Committee of the Company included independent non-executive Directors Dr. CHUNG Shui Ming Timpson, Dr. CHEN Jieping and Dr. XIN Tao. Dr. CHUNG Shui Ming Timpson was also the chairman of the Independent Board Committee of the Company.

For the year ended 31 December 2017, none of the properties acquired by or investment opportunities obtained by China Jinmao was subject to the Hotel Arrangements Deed and the Independent Board Committee of the Company held one meeting and considered the following the issues:

- ▲ reviewing and confirming compliance by China Jinmao with the terms of the non-compete undertaking and the Hotel Arrangements;
- ▲ confirming that the Group did not exercise any call options or accept the offer under right of first refusals to acquire related hotels or participate in any investment opportunity pursuant to the Hotel Arrangements for the year ended 31 December 2017; and
- ▲ examining continuing connected transactions on an annual basis and confirming them in the annual report and accounts of the Company.



CONSOLIDATED CORPORATE GOVERNANCE REPORT

Compliance with terms of the non-compete undertaking and the Hotels Arrangements

China Jinmao has provided its written confirmation in respect of the China Jinmao Group's compliance with their obligations under terms of the non-compete undertaking and the Hotels Arrangements for the year ended 31 December 2017.

Strategy and Investment Committee of the Company

The Company has established the Strategy and Investment Committee with specific written terms of reference which clearly set out its authority and duties. The terms of reference were approved by the Company Board on 18 August 2014.

The major terms of reference of the committee include:

- ▲ to consider and formulate the Company's development strategies;
- ▲ to review new project investment proposals submitted by management according to the Company's development strategies; and the new projects include: acquisition or disposal of wholly-owned companies and joint ventures with business substance, purchase of operating hotel projects and disposal of or renovation of existing operating projects;
- ▲ to review management's proposals on the establishment of departments in the headquarters;
- ▲ to supervise and monitor management's execution of the Company's development strategies; and
- ▲ to deal with any other matters authorised by the Board.

As at the date of this report, members of the Strategy and Investment Committee of the Company included non-executive Director Mr. LI Congrui, non-executive Director Mr. ZHANG Hui, non-executive Director Mr. JIANG Nan, independent non-executive Director Dr. CHEN Jieping and independent non-executive Director Dr. XIN Tao. Mr. LI Congrui was also the chairman of the Strategy and Investment Committee of the Company.

For the year ended 31 December 2017, the Strategy and Investment Committee did not hold any ad hoc meeting.

Company Secretary

The Trustee-Manager and the Company have appointed Ms. HO Wing Tsz Wendy, director of corporate services department of Tricor Services Limited, an external service provider as the Company Secretary of the Trustee-Manager and the Company in compliance with the requirements of Rules 3.28 and 3.29 of the Listing Rules. As of the date of this report, the primary corporate contact person at the Company is Mr. JIANG Nan. From the date of this report, Mr. TANG Yong will be the primary contact person at the Company. During the Review Period, Ms. HO Wing Tsz Wendy participated in professional training of not less than 15 hours.



CONSOLIDATED CORPORATE GOVERNANCE REPORT

Corporate governance measures for potential conflicts of interest

Given the unique nature of the Group's business structure and its close relationship with the China Jinmao Group, the Trust Group has established various corporate governance measures to seek to address any potential conflict of interest and competition between the two groups, thus safeguarding the interest of independent Holders of Share Stapled Units.

- ▲ Directors will abstain from voting at the Board meeting on any matter in which he has a material interest and are not to be counted in the quorum of the relevant Board meeting;
- ▲ Pursuant to article 92(b) of the Trustee-Manager's Articles, priority will be given to the interest of all the registered holders of Units as a whole over the interest of the Company in the event of a conflict between the interest of all the registered holders of Units as a whole and the interest of the Company;
- ▲ Any potential connected transactions and existing continuing connected transactions between the China Jinmao Group and/or the Sinochem and the Group are subject to annual review and report by the independent non-executive Directors and the auditors of the Company;
- ▲ Where the Trustee-Manager Board and the Company Board are required to make a decision on any matters relating to the following, all such matters will be referred to executive Director and the independent non-executive Directors who do not have any ongoing role with the China Jinmao Group:
 - ▲ whether to grant the China Jinmao Group consent to develop, own or operate any commercial and/or retail development in the Lujiazui Central Financial District in Shanghai, the PRC pursuant to the non-compete undertaking given by the China Jinmao Group; and
 - ▲ the Hotel Arrangements;
- ▲ A committee comprising all the independent non-executive Directors (the Independent Board Committee) will be responsible for overseeing the implementation of the Hotel Arrangements, and will review on an annual basis compliance by the China Jinmao Group with the terms of the Hotel Arrangements.

The Trustee-Manager and the Company (on the one hand) and China Jinmao (on the other hand) have boards of directors that function independently of each other. Although Mr. LI Congrui, Mr. ZHANG Hui, Ms. LAN Haiqing and Mr. JIANG Nan hold existing roles with China Jinmao, the remaining four members of the Trustee-Manager Board and the Company Board have sufficient expertise to make their independent professional judgment for decision-making of the Boards.

Furthermore, there are three independent non-executive Directors out of a total board size of eight of the Trustee-Manager Board and the Company Board. It is believed that the Boards have adequate independence in order to address any situations of conflict of interest and to protect the interests of the independent Holders of Share Stapled Units.



CONSOLIDATED CORPORATE GOVERNANCE REPORT

Meeting of Registered Holders of Share Stapled Units

So long as the Trust Deed remains in force, the Trustee-Manager and the Company are required to ensure that:

- (a) a general meeting is not convened and held unless (i) a meeting of registered holders of Units is also convened and held and (ii) the general meeting is convened and held either as a combined meeting with the meeting of registered holders of Units or separately but consecutively with (and immediately after) the meeting of registered holders of Units; and
- (b) a meeting of registered holders of Units is not convened and held unless a general meeting is also convened and held.

To the extent permitted under relevant laws and regulations, general meetings and meetings of registered holders of Units shall be held on a combined basis as a single meeting characterised as a meeting of registered holders of Share Stapled Units.

Rights of Registered Holders of Share Stapled Units

Pursuant to requirements of each of articles 1.1, 1.2 and 2.2 of Schedule 1 of the Trust Deed:

Article 1.1

The Trustee-Manager shall at least once in every calendar year convene a general meeting of the registered holders of Units as the annual general meeting thereof in addition to any other meetings in that year and shall specify the meeting as such in the notice calling it. The annual general meeting shall be held at such time and place as the Trustee-Manager shall appoint and not less than 21 days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) in writing thereof shall be given to the registered holders of Units;

Article 1.2

The Trustee-Manager may (and the Trustee-Manager shall at the request in writing of registered holders of Units holding not less than 5% of the Units for the time being in issue and outstanding) at any time convene a meeting of registered holders of Units at such time or place in Hong Kong (subject as hereinafter provided) as the party convening the meeting may think fit and propose resolutions for consideration at such meeting; and



CONSOLIDATED CORPORATE GOVERNANCE REPORT

Article 2.2

At least 14 days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting shall be given to the registered holders of Units in the manner provided in the Trust Deed, except that at least 21 days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of the meeting shall be given to the registered holders of Units where an extraordinary resolution of registered holders of Units is proposed for consideration at such meeting. The notice shall specify the place, day and time of meeting and the terms of any resolution to be proposed thereat. The accidental omission to give notice to or the non-receipt of notice by any of the registered holders of Units shall not invalidate any resolution passed or any proceedings at any meeting.

Pursuant to requirements of article 53 of the Trustee-Manager's Articles, an AGM shall be called by 21 days' notice in writing at the least, and a meeting of the Company other than an AGM shall be called by 14 days' notice in writing at the least.

Pursuant to requirements of articles 12.3 and 12.4 of the Company's Articles, general meetings may also be convened on the written requisition of any two or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than, for as long as the Trust Deed remains in force, 5% or, thereafter, one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member of the Company which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than, for as long as the Trust Deed remains in force, 5% or, thereafter, one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.



CONSOLIDATED CORPORATE GOVERNANCE REPORT

An AGM and any extraordinary general meeting called for the passing of a special resolution shall be called by not less than 21 days' notice in writing and any other extraordinary general meeting shall be called by not less than 14 days' notice in writing. Subject to the requirements under the Listing Rules, the notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place, and agenda of the meeting, particulars of the resolutions to be considered at the meeting and in the case of special business the general nature of that business. The notice convening an AGM shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the Auditors and to all members other than such as, under the provisions hereof or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company.

Proposing a candidate for election as a Director

Pursuant to requirements of articles 16.5 and 16.6 of the Company's Articles, no person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the secretary notice in writing by a member of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

While the Trust Deed remains in force, no person shall be eligible for appointment or election to the office of Director unless such person is also appointed or elected, or serves, as a director of the Trustee-Manager.

Constitutional documents

During the year ended 31 December 2017, there is no major amendment to the articles of association of the Trustee-Manager and the articles of association of the Company, the aforesaid documents in effect are available for download at the websites of the Stock Exchange and the Company.

Auditors' remuneration

For the year ended 31 December 2017, the remuneration paid/payable to the Trustee-Manager's and the Company's auditors, Ernst & Young, amounted to a total of RMB3,352,500, of which RMB1,553,000 was for the audit service fees of the Trustee-Manager's financial statements and the Trust Group's consolidated financial statements, RMB997,000 was for audit service fees of certain subsidiaries of the Company, RMB760,000 was for review service fees of the Trust Group's interim financial information, RMB42,500 was for review services of the Group's continuing connected transactions.

The internal control systems of the Trust Group are primarily designed to provide a reasonable but not absolute assurance against material misstatement relating to operating results, financial information, losses and frauds, rather than eliminating risks of operational errors or failure to meet its business objectives.



CONSOLIDATED CORPORATE GOVERNANCE REPORT

Risk Management and Internal Control

The Boards have the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining sound and effective risk management and internal control systems for the Group (including reviewing their effectiveness) to safeguard Shareholders' investment and the Group's assets.

Internal control systems of the Trust Group include a control and organisation structure with well-defined operational policies and procedures, authorisation at each level, and scope of liabilities, for the purpose of safeguarding assets of the Trust Group, keeping accurate accounting record, complying with relevant laws and regulations and monitoring risks of the Trust Group. Meanwhile, the Trust Group adopts comprehensive risk management, systematic management, knowable, controllable, affordable and match of revenue and risk as the Company's basic principles of risk management. Based on the strategy, operation target and the characteristics of the industry, the Trust Group collects the related matters on strategic risk, financial risk, market risk, operating risk and legal risk occurred during the course of operation, after which identifies, assesses and analyses the risk qualitatively and quantitatively and determines the priority for each risk management and respective strategies. Based on the risk assessment, the Trust Group formulates risk management strategy and determines its risk preference and risk tolerance with reference to the risk categories, and chooses proper risk management instruments such as risk taking, risk avoidance, risk transfer, risk hedging, risk compensation and risk control. The Company upholds the principle of business strategy being consistent with risk strategy and the balance between risk control and operation efficiency and results, and formulates all-process control measures that cover each procedure in respect of the management and business process that involves with major risks. The Company implements the risk management solution under the all-process control measures to ensure the proper implementation of each measure. Meanwhile, the Company conducts dynamic risk management and monitoring, checks the effectiveness of risk management through effective monitoring and inspection on the implementation of risk management work and the effectiveness of the system and makes corresponding improvement based on the change and defect identified. Instead of completely eliminating the Trust Group's risk of operating failure or failure to achieve the operation target, the main purpose of internal control system is to provide reasonable but not absolute guarantee regarding the absence of major misrepresentation of operating results, financial information, loss and fraud.

During 2017, the measures established and taken by the Trustee-Manager Board and the Company Board are set out as follows:

- (a) A good environment of control, including a clear organizational structure, power regulation and reporting methods and responsibilities;
- (b) An annual self-assessment on the risk management and internal control of the Trustee-Manager and the Company;
- (c) Appropriate supervising activities, including the written clarification of corporate policies and procedures that are sufficient to manage risk to an acceptable level to meet business objectives;



CONSOLIDATED CORPORATE GOVERNANCE REPORT

- (d) An effective information platform to facilitate internal and external information exchange; and
- (e) An organized internal audit functions to sustain independent assessment on major operations.

During the year ended 31 December 2017, the Trustee-Manager Board and the Company Board did not discover any significant deviations or errors in risk management and internal controls. The Trustee-Manager Board and the Company Board are satisfied that the risk management and internal controls of the Trust (together with the Trustee-Manager) and the Company during the year ended 31 December 2017 are effective.

Inside Information System and Internal Control Procedures

The Company has formulated the *Information Disclosure Management Standard of Jinmao Hotel*, and further improved the information disclosure system of the Company to ensure that the Company's information is disclosed to the public on a true, accurate, complete and timely basis. In order to consolidate the standard of information disclosure, the Company has assigned the person responsible for information disclosure, developed the information identification, delivery and review procedures and formulated the guidance on potential inside information/undisclosed information based on the characteristics of the industry where the Company operates so as to procure the Company to comply with relevant requirements under the SFO and Listing Rules from time to time.

Compliance with the Model Code

The Trustee-Manager and the Company have formulated the "Administrative Standards Governing the Securities Transactions by the Employees of Jinmao Hotel" (the "Administrative Standards") to govern the dealing of Share Stapled Units and related securities transactions by all employees of the Trust Group (including Directors, related employees and their respective associates). The Administrative Standards is on terms no less exacting than the Model Code and shall be revised from time to time according to the Listing Rules.

The Directors of the Company were not aware of any non-compliance with the Administrative Standards by any employee during the year ended 31 December 2017.

Having made specific enquiries, all Directors and relevant employees of the Trustee-Manager and the Company confirmed that, as at the date of this report, they were in full compliance with the Administrative Standards.



CONSOLIDATED CORPORATE GOVERNANCE REPORT

Communication with Holders of Share Stapled Units

The Company is committed to maintaining a high standard and corporate transparency with respect to Jinmao Hotel and itself, and has kept regular communication with Holders of Share Stapled Units through diversified channels.

Holders of Share Stapled Units and prospective investors may obtain information about the latest development, announcements and press releases of Jinmao Hotel and the Company on the Company's website at <http://www.jinmao88.com>. They can also make inquiries to the Boards of the Trustee-Manager and the Company (contact details are set out in the section headed "Corporate Information" of this report).

Furthermore, the Company has formed an investor relations team responsible for receiving investors feedback and arranging for interim and annual results roadshows. Details of the investor relations are set out in the section headed "Investor Relations Report" of this report.

Meeting of Registered Holders of Share Stapled Units

The Company maintains and facilitates exchange and communication between Registered Holders of Share Stapled Units and the Board through a number of communication methods, including Meetings of Registered Holders of Share Stapled Units, announcements and circulars to shareholders. Jinmao Hotel and the Company held the AGM of Registered Holders of Share Stapled Units for the year 2016 on 6 June 2017 to review and approve the audited consolidated financial statements of the Trust Group, the Company and its subsidiaries for the year ended 31 December 2016 and the audited financial statements of Trustee-Manager for the year ended 31 December 2016, the Directors' report and the independent auditor's report; to declare a final dividend of HK16.18 cents per Share Stapled Unit for the year ended 31 December 2016; to re-elect Dr. CHUNG Shui Ming Timpson as an Independent non-executive Director of the Company; to re-elect Dr. CHEN Jieping as an Independent non-executive Director of the Company; to re-elect Dr. XIN Tao as an Independent non-executive Director of the Company; to authorise the Trustee-Manager and the Directors of the Company to determine their remuneration; to re-appoint Ernst & Young as the auditors of the Trust, the Company and the Trustee-Manager and authorise the Trustee-Manager and Directors of the Company to determine the remuneration of the auditors; and to review and approve the general mandate to the Directors of the Trustee-Manager and the Company to issue, allot and dispose of not more than 20% of the total number of issued Share Stapled Units on the day the resolution is approved. Except for Ms. LAN Haiqing, a non-executive Director and Dr. CHUNG Shui Ming Timpson, an independent non-executive Director, who were unable to attend due to other business commitment, all other Directors had attended the AGM of Registered Holders of Share Stapled Units for the year 2016 held on 6 June 2017.



REPORT OF THE DIRECTORS

The Boards are pleased to present the annual report for the year ended 31 December 2017, the audited consolidated financial statements of the Trust Group for the year ended 31 December 2017 and the audited financial statements of Jinmao (China) Investments Manager Limited for the year ended 31 December 2017.

Principal Activities

Jinmao Hotel (formerly known as Jinmao Investments), a trust constituted by the Trust Deed dated 13 June 2014 entered into between Jinmao (China) Investments Manager Limited, as the Trustee-Manager of Jinmao Hotel, and the Company under the laws of Hong Kong, which has been established as a fixed single investment trust, with its activities being limited to investing in the Company and anything necessary or desirable for investing in the Company or in connection with the Company.

Jinmao Hotel is a fixed single investment trust with an initial focus on the hospitality industry in the PRC. Jinmao Hotel and the Group primarily own and invest in a portfolio of hotels. The Group also owns Jin Mao Tower, a mixed-use development.

During the Review Period, the property portfolio of the Group comprises the following Properties, all of which are located in the PRC: Jin Mao Tower (including Grand Hyatt Shanghai and office, retail and tourist areas), The Westin Beijing Chaoyang, JW Marriott Hotel Shenzhen, The Ritz-Carlton Sanya, Yalong Bay, Hilton Sanya Yalong Bay Resort & Spa, Hyatt Regency Chongming, Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang.

Principal activities and other particulars of subsidiaries of the Company as at 31 December 2017 are set out in note 1 to the consolidated financial statements of the Trust Group.

The Trustee-Manager is an indirect wholly-owned subsidiary of China Jinmao with specified and limited duties to manage Jinmao Hotel. It does not have active participation in business operation of the Trust Group.

Business Review

A detailed review on the Trust Group's business performance during the Review Period, as well as the principal risks and uncertainties and future prospects of the Trust Group are set out in the Chairman's Statement on pages 11 to 13 of this report and Management Discussion and Analysis on pages 18 to 55 of this report and the Environment, Social and Governance Report is set out on pages 212 to 240 of this report, the discussions thereof form part of this Report of the Directors.

Distribution

Group Distributable Income

For the year ended 31 December 2017, the Group Distributable Income amounted to approximately RMB608 million (equivalent to approximately HK\$701 million) after the adjustments permitted under the Trust Deed and the Company's Articles. A description of such adjustments is set out in note 12 to the consolidated financial statements of the Trust Group.

The proposed distribution attributable to the Group Distributable Income, which composes the final distribution (as further disclosed below), has been accounted for as a proposed distribution within the equity in the consolidated financial statements of the Trust Group.



REPORT OF THE DIRECTORS

Distribution per Share Stapled Unit

As disclosed in the Prospectus and pursuant to the Distribution Guarantee and Shortfall Payments Deed, China Jinmao agreed to provide the Shortfall Payments to the Trustee-Manager (for the benefit of the Holders of Share Stapled Units) of an amount equal to the difference between the specified EBITDA (being HK\$220 million) and the actual EBITDA of the Shortfall Payment Hotels in any financial year ending 31 December 2015, 2016 and 2017 (the "Shortfall Payment Period") up to an aggregate maximum amount to be paid of HK\$300 million for the entire Shortfall Payment Period.

As of 31 December 2016, the Shortfall Payments paid by China Jinmao to the Trustee-Manager pursuant to the Distribution Guarantee and Shortfall Payments Deed amounted to HK\$300 million. Accordingly, China Jinmao did not make any further Shortfall Payments to the Trustee-Manager during the remaining Shortfall Payment Period pursuant to the Distribution Guarantee and Shortfall Payments Deed.

The Boards have recommended the payment of a final distribution of HK15.45 cents per Share Stapled Unit for the year ended 31 December 2017 to the Holders of Share Stapled Units, based on the total Trust Distributable Income of approximately RMB608 million (equivalent to approximately HK\$701 million) for the same period. Subject to approval of the Holders of Share Stapled Units at the forthcoming 2017 AGM, the payment of the proposed final distribution is expected to be made on or before 30 June 2018. Taken together with the interim distribution of HK19.60 cents per Share Stapled Unit paid in October 2017, the total distribution per Share Stapled Unit for the year 2017 is HK35.05 cents.

No dividend was recommended by the Trustee-Manager Board for the year ended 31 December 2017.

The Trustee-Manager Board has confirmed, in accordance with the Trust Deed, that (i) the auditors of the Trust Group have reviewed and verified the Trustee-Manager's calculation of the distribution entitlement per Share Stapled Unit, and (ii) having made all reasonable enquiries, immediately after making the distribution to registered unitholders of the Trust, the Trustee-Manager will be able to fulfil, from the Trust Property, the liabilities of the Trust as they fall due.

Financial Highlights

Highlights of the results and assets and/or liabilities of the Trust Group are set out on page 9 of this report.

Reserves

Movements in reserves of the Trust Group during the year ended 31 December 2017 are set out in the consolidated statement of changes in equity and note 30 to the consolidated financial statements of the Trust Group.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Trust Group during the year ended 31 December 2017 are set out in note 14 to the consolidated financial statements of the Trust Group.



REPORT OF THE DIRECTORS

Investment Properties

Details of movements in the investment properties of the Trust Group for the year ended 31 December 2017 are set out in note 15 to the consolidated financial statements of the Trust Group.

Issued Share Stapled Units

For the year ended 31 December 2017, no new Share Stapled Units have been issued by the Trust Group. As at 31 December 2017, there were a total of 2,000,000,000 Share Stapled Units in issue.

Details of movements in the issued capital of the Trust and the Company for the year ended 31 December 2017 are set out in note 29 to the consolidated financial statements of the Trust Group. Details of the share capital of Trustee-Manager are set out in note 4 to the financial statements of the Trustee-Manager.

Issuance of Bonds

On 2 August 2017, China Jin Mao (Group) has completed the issue of the Short-term Notes in the national inter-bank market in the People's Republic of China, of an amount of RMB1 billion and with a maturity period of 365 days and an interest rate of 4.65% per annum. Please refer to the announcement issued by the Company and the Trust on 1 August 2017 and 2 August 2017 for details. The proceeds from the issue of the Short-term Notes have been used to finance bank loan repayment of mid-term notes of China Jin Mao (Group). Details are set out in note 27 to the consolidated financial statements of the Trust Group.

Except as disclosed above, for the year ended 31 December 2017, the Trust Group has not issued any bonds.

Equity-linked Agreements

For the year ended 31 December 2017, no equity-linked agreement of the Trust Group has been entered into or existed.

Donations

For the year ended 31 December 2017, no charitable and other donations were made by the Trust Group.

Use of Proceeds from the Initial Public Offering

Total net proceeds from the global offering amounted to approximately HK\$3,072.1 million, of which approximately HK\$31.5 million was paid to China Jinmao for the provision of the project consulting services pursuant to the project consulting agreement dated 13 June 2014 entered into between China Jinmao and the Company, approximately HK\$593.5 million was paid to China Jinmao for the settlement of the intercompany loans between the Group and the China Jinmao Group which were interest free, repayable on demand and which had not been repaid prior to the Listing Date, and the remaining proceeds was used for the partial settlement of the pre-initial public offering dividend payable to China Jinmao.



REPORT OF THE DIRECTORS

Disclosures Pursuant to Rules 13.21 of the Listing Rules

In accordance with the disclosure requirements of Rule 13.21 of the Listing Rules, the following disclosures are included with respect to the CCB Facility Letter obtained by the Company from CCB, the DBS Facility Letter obtained by the Company from DBS and the BoCom Facility Agreement entered into between the Company and BoCom, each of which imposes, among other things, minimum shareholding percentage requirements on the controlling holder(s) of Share Stapled Units of the Company, respectively.

CCB Facility Letter

On 23 August 2016, the Company (as borrower) obtained from CCB (as lender) a HK\$1,000,000,000.00 equivalent dual currency term loan facility. The final maturity date of the term loan facility is the date falling three years from the drawdown date of the first loan.

Pursuant to the terms of the CCB Facility Letter, if:

- (1) China Jinmao, the controlling holder of Share Stapled Units of the Company, ceases to hold (directly and indirectly) at least 50% of the issued Share Stapled Units of the Company, or ceases to remain the Company's single largest holder of the Share Stapled Units; or
- (2) Sinochem Group, the controlling shareholder of China Jinmao, ceases to hold (directly or indirectly) at least 50% of the issued share capital of China Jinmao, ceases to remain the single largest shareholder of China Jinmao*; or
- (3) The central government of the PRC, the controlling shareholder of Sinochem Group, ceases to hold at least 51% of the issued share capital of Sinochem Group,

and the Company does not remedy such situation to the reasonable satisfaction of CCB within fourteen days after receipt of written notice from CCB requiring it to do so, CCB may by notice to the Company:

- (1) declare the facility, accrued interest and all other sums payable immediately due and payable without further demand, notice or other legal formality of any kind; and/or
- (2) declare the facility terminated, whereupon CCB's obligation to make any further drawing hereunder (if not yet made) shall immediately cease.

* The Company has obtained a waiver from CCB on the shareholding ratio of Sinochem Group in China Jinmao.



REPORT OF THE DIRECTORS

DBS Facility Letter

On 2 September 2016, pursuant to the DBS Facility Letter, the Company (as borrower) obtained from DBS (as lender) a US\$250,000,000.00 term loan facility for a term of up to two years till 1 September 2018. On 8 March 2018, the Company and DBS entered into a supplemental facility letter, pursuant to which the term of the term loan facility has been extended to 23 May 2020 and the proceeds of the loan facility shall be used towards general capital expenditure and dividend payment of the Company. Other terms remain the same as the DBS Facility Letter.

Pursuant to the terms of the DBS Facility Letter, if China Jinmao does not or ceases to own at least 51% of the issued Share Stapled Units of the Company from time to time, free from any Security, it constitutes an event of default. DBS shall be entitled at any time after the occurrence of the event of default by notice in writing to the Company to declare that:

- (1) the facility to be cancelled, whereupon it shall be cancelled; and/or
- (2) the loan and all interest and fees and commissions accrued and all other sums payable pursuant to the DBS Facility Letter (notwithstanding any provision for payment by installments herein contained) have become immediately due and payable, whereupon they shall become immediately due and payable and the Company shall immediately pay them to the DBS.

Bocom Facility Agreement

On 2 September 2016, the Company (as borrower) entered into BoCom Facility Agreement with BoCom (as lender) for a HK\$1,000,000,000.00 equivalent dual currency term loan facility for a term of up to 36 months. Pursuant to the terms of the BoCom Facility Agreement, if China Jinmao does not or ceases to own at least 51% of the issued Share Stapled Units of the Company from time to time, free from any Security, it constitutes an event of default.

BoCom may, on and at any time after the occurrence of the event of default, by notice to the Company:

- (1) cancel the facility (or any part of it), whereupon the facility (or relevant part of it) shall immediately be cancelled; and/or
- (2) declare that all or part of the loans, together with accrued interest, and all other amounts accrued or outstanding under the BoCom Facility Agreement be immediately due and payable, whereupon they shall become immediately due and payable; and/or
- (3) declare that all or part of the loans be payable on demand, whereupon they shall immediately become payable on demand by BoCom.



REPORT OF THE DIRECTORS

Purchase, Sale or Redemption of Share Stapled Units

Except for the repurchase or redemption of preference shares of the Company in accordance with the provisions of the Trust Deed and the Company's Articles, the Trust Deed does not permit the Trustee-Manager to repurchase or redeem any Share Stapled Units on behalf of Jinmao Hotel unless and until expressly permitted to do so by the relevant codes and guidelines issued by the SFC from time to time.

For the year ended 31 December 2017, none of the Trust, the Trustee-Manager, the Company or any of its subsidiaries purchased, sold or redeemed any Share Stapled Units.

Directors

Pursuant to clause 29.1(a) of the Trust Deed, the Trustee-Manager Board shall at all times comprise the same individuals who serve as Directors of the Company. The list of Directors and their roles and functions from 1 January 2017 to the date of this report is as follows:

Name of Directors	Date of appointment
Non-executive Directors	
Mr. LI Congrui (Chairman)	
Mr. ZHANG Hui	(re-designated from an executive Director to a non-executive Director on 19 October 2017 and resigned as Chief Executive Officer on the same day)
Ms. LAN Haiqing	
Mr. JIANG Nan	
Executive Director	
Mr. TANG Yong (Chief Executive Officer)	(appointed on 19 October 2017)
Independent Non-executive Directors	
Dr. CHUNG Shui Ming Timpson	
Dr. CHEN Jieping	
Dr. XIN Tao	

Pursuant to article 16.3 of the Company's Articles of Association (as amended and restated) and clause 29.2(f) and 29.2(g) of the Trust Deed, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting.



REPORT OF THE DIRECTORS

Pursuant to clause 29.2(m) of the Trust Deed and article 16.3 and 16.21 of the Company's Articles, Ms. LAN Haiqing, Mr. JIANG Nan and Mr. TANG Yong shall retire from office by rotation on the 2017 AGM and they are eligible and willing to offer themselves for re-election.

The independence of independent non-executive Directors of the Trustee-Manager and the Company is subject to assessment by the remuneration and nomination committee of the Company. Each independent non-executive Director has confirmed his independence to the Trustee-Manager Board and the Company Board in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules, and the Boards are of the view that all independent non-executive Directors of the Trustee-Manager and the Company are independent of the Trustee-Manager and the Company.

Profiles of Directors and senior management

The biographical details of Directors of the Trustee-Manager and the Company and senior management of the Company are set out on pages 58 to 68 of this report.

Directors' service contracts

None of the Directors had a service contract with the Trustee-Manager, the Company or any of its subsidiaries which is not terminable within one year without payment of compensation other than statutory compensation.

Remuneration of Directors

Details of remuneration of Directors of the Company are set out in note 9 to the consolidated financial statements of the Trust Group.

Pursuant to provisions of relevant letters of appointment/employment contracts, the remuneration of all Directors is to be borne by the Company.

Directors' interests and short positions in Share Stapled Units, underlying share stapled units and debentures

As at 31 December 2017, the interests and/or short positions (as applicable) of the Directors and the chief executive of the Company in the Share Stapled Units, the preference shares, the ordinary shares and the debentures of the Company and any interests and/or short positions (as applicable) in shares or debenture of any of the Company's associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to the Trustee-Manager, the Company and the Stock Exchange pursuant to Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code, to be notified to the Trustee-Manager, the Company and the Stock Exchange, in each case once the Share Stapled Units are listed on the Stock Exchange, will be as follows:



REPORT OF THE DIRECTORS

(a) The Company

Name of Director	Capacity	Number of Shares Stapled Units held or owned	Percentage of issued Share Stapled Units
LI Congrui	Beneficial owner	350,000(Long position)	0.0175%
ZHANG Hui	Beneficial owner	700,000(Long position)	0.0350%
JIANG Nan	Beneficial owner	484,500(Long position)	0.0242%

(b) Associated corporation of the Company

Name of Director	Capacity	Name of associated corporation	Number of shares held or owned in the associated corporation ⁽¹⁾⁽²⁾	Percentage of issued shares of the associated corporation
LI Congrui	Beneficial owner	China Jinmao	3,370,000(Long position)	0.0316%
ZHANG Hui	Beneficial owner	China Jinmao	1,000,000(Long position)	0.0094%
LAN Haiqing	Beneficial owner	China Jinmao	2,796,000(Long position)	0.0262%
JIANG Nan	Beneficial owner	China Jinmao	3,370,000(Long position)	0.0316%

Notes: (1) China Jinmao holds 66.77% equity interests in Jinmao Hotel and the Company as at the date of this report and accordingly is an associated corporation of Jinmao Hotel and the Company.

(2) The above Directors of the Trustee-Manager and the Company, namely, LI Congrui, LAN Haiqing and JIANG Nan holds 1,000,000 shares, 684,000 shares and 1,000,000 shares as well as 2,370,000 underlying shares, 2,112,000 underlying shares and 2,370,000 underlying shares subject to share options in China Jinmao, respectively, which comprise unlisted equity derivatives. Director ZHANG Hui holds 1,000,000 shares in China Jinmao, but does not hold any share options. The total number of shares related to the equity interests and share options above constitutes the same shares held or owned in the associated corporation by the Trustee-Manager and the Company set forth in above table.

Save as disclosed above, as at 31 December 2017, none of the Directors and the chief executive of the Company has any interests and/or short positions (as applicable) in the Share Stapled Units, the preference shares, the ordinary shares and the debentures of the Company and any interests and/or short positions (as applicable) in shares or debenture of any of the Company's associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to the Trustee-Manager, the Company and the Stock Exchange pursuant to Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code, to be notified to the Trustee-Manager, the Company and the Stock Exchange, in each case once the Share Stapled Units are listed on the Stock Exchange.



REPORT OF THE DIRECTORS

Interest of Substantial Holders of Share Stapled Units

As at 31 December 2017, the interests or short positions of persons (other than the Directors or chief executives of the Company) in the Share Stapled Units or underlying Share Stapled Units which would fall to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Part XV of section 336 of the SFO, to be recorded in the register required under such section as having an interest in 5% or more of the issued Share Stapled Units are as follows:

Name of Holders of Share Stapled Units	Capacity	Number of Share Stapled Units held or interested	Long position/ short position	Percentage of issued Share Stapled Units
China Jinmao	Beneficial owner	1,335,319,000	Long position	66.77%
Sinochem Hong Kong (Group) Company Limited ⁽¹⁾	Interest in a controlled corporation	1,335,319,000	Long position	66.77%
Sinochem Corporation ⁽¹⁾	Interest in a controlled corporation	1,335,319,000	Long position	66.77%
Sinochem Group ⁽¹⁾	Interest in a controlled corporation	1,335,319,000	Long position	66.77%
TONG Jinquan ⁽²⁾	Beneficial owner	185,218,000	Long position	9.26%
Lu Shiqing	Beneficial owner	158,550,000	Long position	7.93%

- Notes:
- (1) Sinochem Group holds 98.00% equity interests in Sinochem Corporation, which in turn holds the entire equity interests in Sinochem Hong Kong (Group) Company Limited, which in turn holds 53.95% equity interests in China Jinmao. For the purposes of the SFO, Sinochem Group, Sinochem Corporation and Sinochem Hong Kong (Group) Company Limited are all deemed to be interested in the Share Stapled Units beneficially owned by China Jinmao.
- (2) Mr. TONG Jinquan is interested in 185,218,000 Share Stapled Units of the Company by virtue of his wholly-owned subsidiary, Wealthy Fountain Holdings Inc.

Save as disclosed above, as at 31 December 2017, no person (other than the Directors of the Trustee-Manager and the Company as set out below) had an interest or short position in the Share Stapled Units or underlying Share Stapled Units which would fall to be disclosed to the Trustee-Manager and the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register required under such section.

Tax Relief and Exemption

The Company is not aware of any tax relief and exemption available to Holders of Share Stapled Units by reason of their holding of the Share Stapled Units.



REPORT OF THE DIRECTORS

Pre-emptive Rights

There is no provision with respect to pre-emptive rights under the Company's Articles and there is no provision under the law of Cayman Islands requiring new Share Stapled Units be offered to existing Holders of Share Stapled Units on a pro-rata basis.

Major Customers and Suppliers

During the Review Period, the five largest customers of the Trust Group accounted for no more than 30% of its total sales and its five largest suppliers accounted for no more than 30% of its total purchase.

Save as disclosed above, none of the Directors or their associates or any Holders of Share Stapled Units (which to the knowledge of the Trustee-Manager Board and the Company Board own more than 5% of the issued Share Stapled Units) had any interest in any of the five largest customers or suppliers of the Trust Group.

Compliance with Non-compete Undertaking

In order to maintain a clear delineation of the business of the Group (on the one hand) and the business of the China Jinmao Group (on the other hand), the Company and China Jinmao have entered into the Hotel Arrangements Deed pursuant to which (i) China Jinmao has agreed to provide a non-compete undertaking that, except with the prior written consent of the Company, the China Jinmao Group will not develop, own or operate any commercial and/or retail development in the Lujiazui Central Financial District in Shanghai, the PRC, which is where Jin Mao Tower is located; and (ii) the parties have agreed to certain arrangements relating to the existing and future interests of the China Jinmao Group in hotels (the "Hotel Arrangements").

Please refer to the Prospectus for further information with respect to the non-compete undertaking and the Hotel Arrangements.

Director's Interests in Contracts of Significance

During the Review Period, no transaction, arrangement or contract of significance to which the Trustee-Manager, the Company or its subsidiaries, its substantial Holders of Share Stapled Units, its holding company or any of its fellow subsidiaries was a party and in which a Director of the Trustee-Manager and the Company or an entity related to such Director had a material interest, whether directly or indirectly, subsisted as at the end of the year or at any time during the year.



REPORT OF THE DIRECTORS

Permitted Indemnity Provision

According to the Company's Articles, each Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director of the Company in defending any legal proceedings, whether civil or criminal, in which judgment is given in his/her favour, or in which he/she is acquitted. The Company's Articles also provides that, subject to company law, if any Director shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge, or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Director so becoming liable as aforesaid from any loss in respect of such liability.

The Company has arranged sufficient and proper insurance for the Directors during the year

Employees and Remuneration Policies

As at 31 December 2017, the Group employed 4,191 staff in total. The Group provides competitive salaries and bonuses for its employees, as well as other benefits, including retirement schemes, medical insurance schemes, accident insurance schemes, unemployment insurance schemes, maternity insurance schemes and housing benefits. The Group's salary levels are reviewed regularly against market standards.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Connected Transactions

As disclosed in the Prospectus, the Trust Group has entered into certain transactions with parties who were connected persons of the Trust Group.

Following completion of the Listing, as China Jinmao is the controlling Holder of Share Stapled Units, China Jinmao and its subsidiaries are connected persons of the Trust Group. As Sinochem Group is the controlling shareholder of China Jinmao, Sinochem Group and its subsidiaries are connected persons of the Trust Group. Accordingly, the transactions entered into with the China Jinmao Group and the Sinochem Conglomerate will constitute connected transactions for the Trust Group. Other details of connected persons described in this section are set out in the section "Definition" of this report.



REPORT OF THE DIRECTORS

Given the above, particulars of transactions constituting connected transactions of the Trust and the Company under the Listing Rules are set out below:

	Total transaction amount for the year ended 31 December 2017 (RMB'000)
A Financial assistance	
Distribution Guarantee and Shortfall Payments Deed	–
B Non-exempt continuing connected transactions	
1. Hotel property management agreement	7,750
2. Commercial property management agreements	1,274
3. Framework lease agreement	18,014
(i) Sinochem framework lease agreement	11,785
(ii) China Jinmao framework lease agreement	6,229
4. Property Management Services Agreements with Jinmao (Li Jiang) and Supplemental Property Management Services Agreement	1,918
5. Property Management Services Agreement with Shanghai Dehuan	6,253
6. Supplemental Property Management Services Agreement for Sinochem International Plaza	3,608
7. Decoration Services Framework Agreement and Supplemental Decoration Services Framework Agreement with Shanghai Decoration	12,276
8. Framework property management services agreement with Jinmao (Li Jiang)	232

Directors of the Trustee-Manager and the Company confirmed that the connected transactions of the Trust and the Company had complied with disclosure requirements under Chapter 14A of the Listing Rules.



REPORT OF THE DIRECTORS

A Financial assistance

Distribution Guarantee and Shortfall Payments Deed

China Jinmao and the Trustee-Manager (as the trustee-manager of Jinmao Hotel) have entered into the Distribution Guarantee and Shortfall Payments Deed dated 13 June 2014 pursuant to which China Jinmao agreed to:

provide the shortfall payments up to an aggregate amount of HK\$300 million during the entire duration of the financial years ending 31 December 2015, 2016 and 2017 to enable the Group to minimise its exposure to the initial start-up risks associated with the operation of the shortfall payment hotels (being Hyatt Regency Chongming, Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang) for an initial period of time following their commencement of operation and to provide the Holders of Share Staped Units with some assurance of the level of income of the Group for the financial years ending 31 December 2015, 2016 and 2017

As of 31 December 2016, the Shortfall Payments paid by China Jinmao to the Trustee-Manager pursuant to the Distribution Guarantee and Shortfall Payments Deed amounted to HK\$300 million. Accordingly, China Jinmao did not make any further Shortfall Payments to the Trustee-Manager during the remaining Shortfall Payment Period pursuant to the Distribution Guarantee and Shortfall Payments Deed.

B. Non-exempt continuing connected transactions

1. *Hotel property management agreement*

On 7 December 2016, the Company and China Jinmao entered into a hotel property management agreement (the "Hotel Property Management Agreement") for a term of three years with effect from 1 January 2017, unless terminated earlier in accordance with the terms of the Hotel Property Management Agreement. Accordingly, the Company has agreed to provide hotel property management services in respect of the Excluded Hotels to the China Jinmao Group. The arrangements under the Hotel Property Management Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group.

For the purposes of the Hotel Property Management Agreement, the hotel property management services relate to overseeing and monitoring of the hotel management agreements, advising on hotel decorations and overseeing the financial performance of the Excluded Hotels.

Under the Hotel Property Management Agreement, the Group is entitled to receive an annual fee comprising a basic management fee of 0.5% of the total development costs of an Excluded Hotel and an incentive fee of 4% of the earnings before interest, taxes, depreciation and amortisation of each Excluded Hotel upon the formal opening of such Excluded Hotel. The annual caps for the transactions contemplated under the Hotel Property Management Agreement for the three financial years ending 31 December 2017, 2018 and 2019 are RMB8.25 million, RMB13.59 million and RMB18.92 million, respectively.



REPORT OF THE DIRECTORS

2. *Commercial property management agreements*

On 7 December 2016, China Jin Mao (Group) entered into a commercial property management agreement with China Jinmao (Shanghai) (the "Shanghai Commercial Property Management Agreement"), for a period of three years with effect from 1 January 2017, pursuant to which China Jinmao Group has agreed to provide certain property management services in relation to Shanghai J•LIFE to the Group, unless terminated earlier in accordance with the terms of the Shanghai Commercial Property Management Agreement. On 7 December 2016, Jinmao (Li Jiang) also entered into a commercial property management agreement with China Jinmao (Shanghai) (the "Lijiang Commercial Property Management Agreement") for a period of three years with effect from 1 January 2017 pursuant to which the China Jinmao Group has agreed to provide certain property management services in relation to Lijiang J•LIFE to the Group, unless terminated earlier in accordance with the terms of the Lijiang Commercial Property Management Agreement. The arrangements under the Shanghai Commercial Property Management Agreement and the Lijiang Commercial Property Management Agreement are in the ordinary and usual course of business of the Group.

Under the Shanghai Commercial Property Management Agreement, China Jinmao (Shanghai) will provide certain property management services in relation to Shanghai J•LIFE. The property management services mainly include (i) leasing management, (ii) marketing management, (iii) project management and (iv) other relevant services as may be reasonably required by China Jin Mao (Group) in relation to Shanghai J•LIFE. Under the Shanghai Commercial Property Management Agreement, China Jinmao (Shanghai) is entitled to receive an annual fee equivalent to 3% of the annual rental income from Shanghai J•LIFE. The annual caps for the transactions contemplated under the Shanghai Commercial Property Management Agreement for the three financial years ending 31 December 2017, 2018 and 2019 are RMB3.0 million, RMB4.5 million and RMB6.0 million respectively.

Under the Lijiang Commercial Property Management Agreement, China Jinmao (Shanghai) will provide certain property management services in relation to Lijiang J•LIFE. The property management services mainly include (i) leasing management, (ii) marketing management, (iii) project management and (iv) other relevant services as may be reasonably required by Jinmao (Li Jiang) in relation to Lijiang J•LIFE. Under the Lijiang Commercial Property Management Agreement, China Jinmao (Shanghai) is entitled to receive an annual fee equivalent to 3% of the annual rental income from Lijiang J•LIFE. The annual caps for the transactions contemplated under the Lijiang Commercial Property Management Agreement for the three financial years ending 31 December 2017, 2018 and 2019 are RMB0.9 million, RMB1.8 million and RMB3.0 million respectively.

The annual caps in respect of the Shanghai Commercial Property Management Agreement and the Lijiang Commercial Property Management Agreement are estimated with reference to (i) estimated rental income from Shanghai J•LIFE and Lijiang J•LIFE; (ii) the historical transaction amounts under the previous commercial property management agreements; and (iii) similar commercial property management agreements entered into by other listed hospitality business trusts and real estate investment trusts which invest in commercial assets.



REPORT OF THE DIRECTORS

3. *Framework lease agreements*

Members of the Sinochem Conglomerate and members of the China Jinmao Group have entered into, and may in the future from time to time renew and enter into, lease agreements with the Group for office space in Jin Mao Tower (the "Individual Lease Agreements"). The total rental paid by the tenants under the Individual Lease Agreements include (i) the rental rates of the office space leased, (ii) the management fees of the relevant office space and (iii) various other fees. The management fees are charged by the property management company and may be adjusted upwards due to an increase in property management costs. The other fees are sundry charges actually incurred by the tenants, which include but are not limited to parking space rentals, car-park management fees, parking fees, utilities and overtime air-conditioning fees. The Individual Lease Agreements are on normal commercial terms and in the ordinary and usual course of business of the Group. In addition, the Individual Lease Agreements entered into with members of the Sinochem Conglomerate and members of the China Jinmao Group are renewable, subject to consent from the relevant parties.

On 7 December 2016, China Jin Mao (Group) (i) entered into a master framework lease agreement with Sinochem Group (the "Sinochem Framework Lease Agreement"); (ii) entered into a master framework lease agreement with China Jinmao (the "China Jinmao Framework Lease Agreement", together with the Sinochem Framework Lease Agreement, the "Framework Lease Agreements") for a period of two years with effect from 1 January 2017 pursuant to which China Jin Mao (Group) will provide certain leasing and property management services to Sinochem Conglomerate and China Jinmao Group in relation to office space in Jin Mao Tower to supplement the Individual Lease Agreements for these continuing connected transactions such that the terms shall be on commercial terms. All existing and future Individual Lease Agreements entered into by members of the Sinochem Conglomerate and members of the China Jinmao Group with the Group will be regulated by their respective Framework Lease Agreements.

The rentals received from each of the Sinochem Conglomerate and the China Jinmao Group to the Group were determined based on arm's length negotiations between the Group and each lessee of the Individual Leasing Agreements on the then prevailing market rates and on normal commercial terms.

The annual caps for the transactions contemplated under the Framework Lease Agreements for the two financial years of 2017 and 2018 are RMB59.7 million and RMB64.1 million, respectively. The annual caps in respect of the Framework Lease Agreements are estimated with reference to (i) the aggregate annual rental income received from members of the Sinochem Conglomerate and the China Jinmao Group, (ii) key factors including the agreed rental rates in the existing individual lease agreements and the prevailing rental rates of office space in, and in the proximity of, Jin Mao Tower which are leased to independent third parties and (iii) the decreased rental demand from the Sinochem Conglomerate due to the relocation of some of its offices to the Sinochem International Plaza.



REPORT OF THE DIRECTORS

The business growth and demand of each of the members of the Sinochem Conglomerate and the members of China Jinmao Group for office space, given the significance of the Shanghai market to the businesses of members of the Sinochem Group and members of China Jinmao Group. During the financial year of 2016, most members of the Sinochem Conglomerate were relocated to the Sinochem International Plaza. After the relocation, the total floor area rented by members of the Sinochem Conglomerate for 2017 was approximately 4,418.1 sq.m., and the total floor area rented by members of China Jinmao Group was approximately 1,764.48 sq.m.

4. *Property Management Services Agreements With Jinmao (Li Jiang) and Supplemental Property Management Services Agreement*

On 29 April 2016, Shanghai Property Management, an indirect wholly-owned subsidiary of the Company, and Jinmao (Li Jiang) entered into the property management services agreements (comprising the Residential Property Management Services Agreement and the Sales and Display Units Management Service Agreement) for a term commencing from 1 May 2016 to 30 April 2017. On 28 April 2017, Shanghai Property Management and Jinmao (Li Jiang) entered into (i) the renewed property management services agreements (comprising the renewed Residential Property Management Services Agreement and the renewed Sales and Display Units Management Services Agreement) and (ii) a supplemental property management services agreement with Jinmao (Li Jiang) (“the Jinmao (Li Jiang) Supplemental Property Management Services Agreement”) pursuant to which Shanghai Property Management agreed to provide certain property management services in relation to Lijiang Jinmao Whisper of Jade Dragon, a high-end residential recreational property in Lijiang owned by Jinmao (Li Jiang).

The term of the renewed Residential Property Management Services Agreement is from 1 May 2017 to 31 December 2017. According to the Residential Property Management Services Agreement and the renewed Residential Management Services Agreement, Shanghai Property Management has agreed to provide certain property management services in relation to the residential of Lijiang Jinmao Whisper of Jade Dragon. The property management services mainly include (i) maintenance services for common areas, (ii) garden landscape, cleaning and order maintenance services for common areas, and (iii) operational and maintenance services for public facilities and equipment.

According to the consideration and payment terms under the Residential Property Management Services Agreement and the renewed Residential Property Management Services Agreement, the property management fees to be paid to Shanghai Property Management by Jinmao (Li Jiang) range from RMB1.87 to RMB2.9 per month per square metre (based on the gross floor area), subject to different types of the residential properties (including the sold and unsold). The property management fees are based on arm's length negotiations and on terms no less favourable than those offered by Shanghai Property Management to other independent third parties. The total consideration under the Residential Property Management Services Agreement was expected to be approximately RMB2.8 million. The total consideration under the renewed Residential Property Management Services Agreement is expected to amount to approximately RMB2 million, which is based on the agreed property management fee and expected demand for property management services from Jinmao (Li Jiang).



REPORT OF THE DIRECTORS

The term of the Renewed Sales and Display Units Management Services Agreement is from 1 May 2017 to 31 December 2017. According to the Sales and Display Units Management Services Agreement and the renewed Sales and Display Units Management Services Agreement, Shanghai Property Management has agreed to provide certain property management services in relation to the sales and display units of Lijiang Jinmao Whisper of Jade Dragon. The property management services mainly include (i) daily reception and maintenance services, (ii) daily materials management services, and (iii) cleaning and order maintenance services for common areas.

According to the consideration and payment terms under the Sales and Display Units Management Services Agreement and the renewed Sales and Display Units Management Services Agreement, the property management fee to be paid to Shanghai Property Management by Jinmao (Li Jiang) is RMB50,000 per month, which is based on expected demand for property management services during the term of the agreement and arm's length negotiations and on terms no less favourable to Shanghai Property Management than those offered to other independent third parties. The total consideration under the Sales and Display Units Management Services Agreement amounted to RMB2.4 million. The total consideration under the renewed Sales and Display Units Management Services Agreement amounts to RMB0.4 million.

The term of Jinmao (Lijiang) Supplemental Property Management Services Agreement is from 1 May 2017 to 31 December 2017, pursuant to which the supplemental property management services to be provided by Shanghai Property Management for Jinmao (Li Jiang) include (i) cleaning and order maintenance services for non-public areas of both the residential community and the sales and display units of Lijiang Jinmao Whisper of Jade Dragon; (ii) maintenance services for non-public areas of both the residential community and the sales and display units of Lijiang Jinmao Whisper of Jade Dragon; (iii) environmental management services for areas of both the residential community and the sales and display units of Lijiang Jinmao Whisper of Jade Dragon; and (iv) materials procurement services per requests of Jinmao (Li Jiang) (the "Supplemental Property Management Services"). For the avoidance of doubt, the Supplemental Property Management Services are not included in the scope of services under the renewed Residential Property Management Services Agreement. Under the Jinmao (Li Jiang) Supplemental Property Management Services Agreement, Shanghai Property Management and Jinmao (Li Jiang) will enter into separate agreements in relation to the provision of each of the Supplemental Property Management Services.

According to the consideration and payment terms under the Jinmao (Lijiang) Supplemental Property Management Services Agreement, the caps of the maximum aggregate amounts payable under the Jinmao (Lijiang) Supplemental Property Management Services Agreement is RMB1 million. The service fees are determined by the parties with reference to the quotations of similar property management services of the comparable properties in the market in a fair and reasonable manner through arm's length negotiation. The standard of the fees charged by Shanghai Property Management for the provision of property management services to Jinmao (Li Jiang) are fair and on terms no less favourable to Shanghai Property Management than those offered to other independent third parties.



REPORT OF THE DIRECTORS

5. *Property management services agreement with Shanghai Dehuan*

On 29 April 2016, Shanghai Property Management, an indirect wholly-owned subsidiary of the Company, and Shanghai Dehuan entered into the Shanghai Dehuan Property Management Services Agreement for a term from 1 June 2016 to 31 May 2018, pursuant to which Shanghai Property Management agreed to provide certain property management services for Sinochem International Plaza, an office building in Shanghai owned by Shanghai Dehuan, mainly including (i) cleaning and order maintenance services for the common areas and (ii) operational and maintenance services for public facilities and equipment.

According to the consideration and payment terms under the Shanghai Dehuan Property Management Services Agreement, the property management fees to be paid to Shanghai Property Management by Shanghai Dehuan primarily consist of (i) a remuneration fee of RMB40,000 per month and (ii) a management fee of RMB14.24 per month per square metre (based on the gross floor area), each of which is based on arm's length negotiations and on terms no less favourable than those offered by Shanghai Property Management to other independent third parties. The total consideration (including remuneration fees and management fees) under the Property Management Services Agreement is expected to amount to approximately RMB15.5 million.

6. *Continuing connected transactions in relation to Sinochem International Plaza*

On 22 August 2016, Shanghai Property Management and Shanghai Dehuan entered into the Dehuan Supplemental Property Management Services Agreement, pursuant to which Shanghai Property Management agreed to provide the Additional Property Management Services for Sinochem International Plaza. On the same date, Shanghai Property Management entered into the Sinochem Property Management Framework Agreement with Sinochem International, pursuant to which Shanghai Property Management agreed to provide certain customised property management services to the Connected Tenants at Sinochem International Plaza.

The term of the Dehuan Supplemental Property Management Services Agreement is from 22 August 2016 to 31 May 2018. The additional property management services to be provided by Shanghai Property Management for Sinochem International Plaza include (i) services for the temporary car parking spaces; (ii) services for the transformer station; and (iii) services for festival decoration and material procurement in connection with Sinochem International Plaza (the "Additional Property Management Services").

For the avoidance of doubt, the Additional Property Management Services are not included in the scope of services under the Dehuan Property Management Services Agreement. Under the Dehuan Supplemental Property Management Services Agreement, Shanghai Property Management and Shanghai Dehuan will enter into separate agreements in relation to the provision of each of the Additional Property Management Services.



REPORT OF THE DIRECTORS

The caps of the maximum aggregate amounts payable under the Dehuan Supplemental Property Management Services Agreement from 22 August 2016 to 31 December 2016, from 1 January 2017 to 31 December 2017 and 1 January 2018 to 31 May 2018 are RMB0.8 million, RMB1.4 million and RMB0.8 million, respectively.

The term of the Sinochem Property Management Framework Agreement is from 22 August 2016 to 31 May 2018. The customised property management services to be provided by Shanghai Property Management to the Connected Tenants at Sinochem International Plaza include (i) cleaning services for the rented areas of the Connected Tenants; (ii) pest control services for the rented areas of the Connected Tenants; (iii) commission management services in connection with the gym area rented by the Connected Tenants; and (iv) materials procurement on behalf of the Connected Tenants.

For the avoidance of doubt, the customised property management services is provided to the Connected Tenants in relation to their rented areas at Sinochem International Plaza and are not included in the scope of services under the Dehuan Property Management Services Agreement and the Dehuan Supplemental Property Management Services Agreement. Under the Sinochem Property Management Framework Agreement, Shanghai Property Management and each of the Connected Tenants will enter into separate agreements in relation to the provision of the customised property management services.

The caps of the maximum aggregate amounts payable under the Sinochem Property Management Framework Agreement from 22 August 2016 to 31 December 2016, from 1 January 2017 to 31 December 2017 and 1 January 2018 to 31 May 2018 are RMB5 million, RMB9.5 million and RMB5 million, respectively.

7. Decoration services framework agreement and Supplemental Decoration services framework agreement with Shanghai Decoration

On 1 June 2016, the Company have entered into a decoration services framework agreement with Shanghai Decoration (the "Decoration Services Framework Agreement") for a term from June 2016 to December 2017, pursuant to which Shanghai Decoration provided decoration services to the Group, which include, but are not limited to, the renovation, recovery and relocation works for offices, hotel rooms and other related facilities. The caps of the maximum aggregate amounts payable under the Decoration Services Framework Agreement from 1 June 2016 to 31 December 2016 and 1 January 2017 to 31 December 2017 are RMB14.83 million and RMB19.31 million, respectively.

On 15 August 2017, the Company and Shanghai Decoration entered into a supplemental decoration services framework agreement (the "Supplemental Decoration Services Framework Agreement") to increase the annual cap for the continuing connected transactions under the Decoration Services Framework Agreement. Pursuant to the Supplemental Decoration Services Framework Agreement, the cap of the maximum aggregate amounts payable under the Decoration Services Framework Agreement for the period from 1 January 2017 to 31 December 2017 has been revised from RMB19.31 million to RMB35.00 million (the "Revised Annual Cap"). Save for the Revised Annual Cap, other terms remain unchanged.



REPORT OF THE DIRECTORS

Members of the Group generally source Decoration Services through a bidding process where both independent third parties and Shanghai Decoration are invited to submit bids. Therefore, the prices and terms of the Decoration Services Agreements are subject to among other things, the actual demand for the Decoration Services by the members of the Group and the bidding results.

8. *Framework Property Management Services Agreement with Jinmao (Li Jiang)*

On 28 September 2017, Shanghai Property Management and Jinmao (Li Jiang) entered into a framework property management services agreement for a term from 1 October 2017 to 30 September 2018 pursuant to which Shanghai Property Management agreed to provide certain property management services in relation to Jinmao Lijiang J•LIFE Commercial Street, a high-end commercial property in Lijiang owned by Jinmao (Li Jiang). The property management services mainly include (i) maintenance services for both common and non-common areas, (ii) operational and maintenance services for public facilities and equipment, (iii) cleaning and maintenance services for both common and non-common areas, (iv) decoration and management services for tenants; (v) handling emergencies; (vi) management of the prohibited activities in using the properties; (vii) HSE management including health, safety and environment of the properties on the commercial street; (viii) supplies procurement as commissioned by Jinmao (Li Jiang) and (ix) other property management services provided to the property owner as requested by Jinmao (Li Jiang). The transactions under the Framework Property Management Services Agreement are in the ordinary and usual course of business of the Group.

The caps of the maximum aggregate amounts payable under the framework property management services agreement for the period from 1 October 2017 to 31 December 2017 and 1 January 2018 to 30 September 2018 are RMB0.64 million and RMB2.12 million, respectively, each of which is based on arm's length negotiations and on terms no less favourable than those offered by Shanghai Property Management to other independent third parties..



REPORT OF THE DIRECTORS

C. Review on connected transactions

Pursuant to Rule 14A.55 of the Listing Rules, the Directors of the Trustee-Manager and the Company (including independent non-executive Directors) have reviewed the above continuing connected transactions in the year ended 31 December 2017 and acknowledged that such transactions are:

- (1) entered into in the ordinary and usual course of business of the Company;
- (2) on normal commercial terms or terms no less favourable than those offered by or available from independent third parties to the Trust Group; and
- (3) conducted in accordance with terms of agreements governing such transactions which are fair and reasonable and in the interest of Holders of Share Stapled Units as a whole.

The auditor of the Trustee-Manager and the Company has been engaged to report on the above connected transactions of the Trust Group in accordance with the Hong Kong Standard on Assurance Engagements 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information with reference to Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter in accordance with Rule 14A.56 of the Listing Rules containing its findings and conclusion on the above continuing connected transactions of the Trust Group. The Trustee-Manager and the Company has submitted a copy of such letter to the Stock Exchange no later than 10 business days before the bulk printing of this report.

The Trustee-Manager Board acknowledged that amounts paid or payable to the Trustee-Manager for the Trust Property under the Trust are in compliance with the Trust Deed, and that they were not aware of any misconduct of the Trustee-Manager which may have a material and adverse effect on the operation of the Trust or the interest of all Holders of Share Stapled Units as a whole.

Related Party Transactions

During the Review Period, the Group entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards. Details of the related party transactions entered into by the Group during the reporting period are disclosed in note 35 to the financial statements. Save as disclosed in the paragraph headed "Connected Transactions" in this annual report, the related party transactions disclosed in note 35 were not regarded as connected transactions or were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules.

Sufficiency of public float

As at the date of this report, based on publicly available information to the Trustee-Manager and the Company and to the best knowledge of the Directors, the public float of Share Stapled Units of the Trust Group in issue was sufficient and above 25%.



REPORT OF THE DIRECTORS

Material acquisitions and disposals

For the year ended 31 December 2017, no material acquisition or disposal was carried out by the Group.

Material Litigation

For the year ended 31 December 2017, the Trust Group was not subject to any material litigation that could have an adverse impact on the Trust Group

Auditors

The financial statements of the Trust Group and the Trustee-Manager have been audited by Ernst & Young, who has offered themselves for reappointment. A resolution will be proposed at the forthcoming 2017 AGM of Holders of Share Stapled Units to re-appoint Ernst & Young as the auditors of the Company and the Trustee-Manager.

Corporate governance

The Trust, the Trustee-Manager and the Company embraced the importance of maintaining and developing high standard corporate governance practices to protect and safeguard the interest of Holders of Share Stapled Units. The Trustee-Manager and the Company have been in compliance with all applicable code provisions under the Corporate Governance Code for the year ended 31 December 2017, and had adopted certain best practices recommended therein where applicable.

Further details of the corporate governance code and practices of the Company are set out in the consolidated corporate governance report on pages 69 to 88 of this report.

By Order of the Board

**Jinmao (China) Investments Manager Limited (as the Trustee-Manager of the Trust) and
Jinmao (China) Hotel Investments and Management Limited**

Chairman

LI Congrui

Hong Kong, 26 March 2018



INDEPENDENT AUDITOR'S REPORT



Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

安永會計師事務所
香港中環添美道1號
中信大廈22樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the holders of share stapled units of

Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited

(Jinmao Hotel is a trust constituted under the laws of Hong Kong; Jinmao (China) Hotel Investments and Management Limited is registered in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Jinmao Hotel (the "Trust"), Jinmao (China) Hotel Investments and Management Limited (the "Company") and its subsidiaries (together, the "Trust Group") and of the Company and its subsidiaries (the "JCHIML Group") set out on pages 116 to 198 (together referred to as the "Trust and the Company's consolidated financial statements"). As explained in note 2.1 to the Trust and the Company's consolidated financial statements, the consolidated financial statements of the Trust and the consolidated financial statements of the Company are presented together. The Trust and the Company's consolidated financial statements together comprise the consolidated statement of financial position of the Trust Group and of the JCHIML Group as at 31 December 2017, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Trust Group and of the JCHIML Group for the year then ended, and notes to the Trust and the Company's consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the Trust and the Company's consolidated financial statements give a true and fair view of the consolidated financial position of the Trust Group and the JCHIML Group as at 31 December 2017, and of their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Trust Group and the JCHIML Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



INDEPENDENT AUDITOR'S REPORT

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Trust and the Company's consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Trust and the Company's consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Trust and the Company's consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<p>Revaluation of Investment Properties</p> <p>The Trust Group and the JCHIML Group adopted the fair value model for their investment properties in accordance with HKAS 40 <i>Investment Property</i>. Changes in fair values were recorded in profit or loss. The Trust Group and the JCHIML Group engaged DTZ Debenham Tie Leung Limited ("DTZ"), an independent appraiser, to perform valuation on the investment properties of the Trust Group and the JCHIML Group as at 31 December 2017. Both the amount of investment properties at 31 December 2017 and their changes of fair value for the year ended 31 December 2017, amounting to RMB8,781,200,000 and RMB38,786,000, respectively, were significant to the financial statements. In addition, since the valuation involved management judgement and estimates based on a projection of future income, term yield and reversionary yield which will affect the fair value of the investment properties, we considered the revaluation of investment properties is significant to our audit.</p> <p>Relevant disclosures are included in note 4 and note 15 to the financial statements.</p>	<p>We considered the objectivity, independence and expertise of the external appraiser. We involved our real estate valuation specialists to assist us in evaluating the valuation techniques and assessing the underlying assumptions for selected samples. We compared market rental assumptions against actual rents of existing leasing contracts and external market rents, expected occupancy against historical data maintained by the Trust Group and the JCHIML Group, and in respect of capitalisation rates against those of peers with similar nature and area of properties. We also assessed the adequacy of the disclosures of investment properties, including valuation sensitivity and the fair value hierarchy.</p>



INDEPENDENT AUDITOR'S REPORT

Other information included in the Annual Report

The directors of Jinmao (China) Investments Manager Limited (the "Trustee-Manager") (in its capacity as the trustee-manager of the Trust) and the directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the Trust and the Company's consolidated financial statements and our auditor's report thereon.

Our opinion on the Trust and the Company's consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Trust and the Company's consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Trust and the Company's consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors of the Trustee-Manager and the Company are responsible for the preparation of the Trust and the Company's consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the Trust and the Company's consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Trustee-Manager and the Company are responsible for assessing the ability of the Trust Group and the JCHIML Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Trustee-Manager and the Company either intend to liquidate the Trust Group and the JCHIML Group or to cease operations or have no realistic alternative but to do so.

The directors of the Trustee-Manager and the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the financial reporting process of the Trust Group and the JCHIML Group.



INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the Trust and the Company's consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▲ Identify and assess the risks of material misstatement of the Trust and the Company's consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▲ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Trust Group and the JCHIML Group.
- ▲ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▲ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Trust Group and the JCHIML Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Trust and the Company's consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Group and the JCHIML Group to cease to continue as a going concern.



INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

- ▲ Evaluate the overall presentation, structure and content of the Trust and the Company's consolidated financial statements, including the disclosures, and whether the Trust and the Company's consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- ▲ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Trust Group and the JCHIML Group to express an opinion on the Trust and the Company's consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the Trust and the Company's consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Kwok Yin.

Ernst & Young

Certified Public Accountants

Hong Kong

26 March 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
REVENUE	6	2,595,448	2,450,751
Cost of sales		(1,109,683)	(1,065,969)
Gross profit		1,485,765	1,384,782
Other income and gains	6	22,622	51,356
Fair value gains on investment properties	15	38,786	319,281
Selling and marketing expenses		(152,350)	(145,442)
Administrative expenses		(742,959)	(702,051)
Other expenses and losses, net		(4,379)	(542)
Finance costs	8	(280,651)	(319,860)
Share of profits of joint ventures		2,678	3,682
PROFIT BEFORE TAX	7	369,512	591,206
Income tax expense	11	(149,569)	(216,580)
PROFIT FOR THE YEAR		219,943	374,626
EARNINGS PER SHARE STAPLED UNIT/SHARE OF THE COMPANY	13		
Basic (RMB)		0.11	0.19
Diluted (RMB)		0.11	0.19

▲

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	Note	2017 RMB'000	2016 RMB'000
PROFIT FOR THE YEAR		219,943	374,626
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Effective portion of changes in fair value of hedging instruments arising during the year	26	(1,459)	–
Exchange differences on translation of foreign operations		343,595	(294,735)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		342,136	(294,735)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		562,079	79,891

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	7,117,060	7,335,697
Investment properties	15	8,781,200	8,731,350
Prepaid land lease payments	16	1,228,254	1,263,198
Other intangible assets	17	12,213	14,500
Investments in joint ventures	18	33,865	36,377
Deferred tax assets	28	6,503	375
Total non-current assets		17,179,095	17,381,497
CURRENT ASSETS			
Inventories	19	16,570	18,142
Trade receivables	20	93,818	77,249
Prepayments, deposits and other receivables	21	86,778	85,966
Due from related parties	22	4,854	12,072
Restricted bank balances	23	26,908	21,984
Cash and cash equivalents	23	920,312	810,309
Total current assets		1,149,240	1,025,722
CURRENT LIABILITIES			
Trade and bills payables	24	86,663	130,419
Other payables and accruals	25	978,566	975,769
Interest-bearing bank and other borrowings	27	5,250,468	3,285,408
Due to related parties	22	1,705,642	2,081,038
Derivative financial instruments	26	972	-
Tax payable		37,010	38,028
Total current liabilities		8,059,321	6,510,662
NET CURRENT LIABILITIES		(6,910,081)	(5,484,940)
TOTAL ASSETS LESS CURRENT LIABILITIES		10,269,014	11,896,557
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	27	2,038,164	3,636,741
Deferred tax liabilities	28	1,752,468	1,724,356
Total non-current liabilities		3,790,632	5,361,097
Net assets		6,478,382	6,535,460



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
EQUITY			
Share capital	29	1,587	1,587
Reserves	30	6,476,795	6,533,873
Total equity		6,478,382	6,535,460

Li Congrui
Director

Tang Yong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

	Note	PRC								Total equity RMB'000
		Share capital	Share premium account	Merger reserve	Capital reserve	PRC statutory surplus reserve	Exchange fluctuation reserve	Asset revaluation reserve	Retained profits	
		RMB'000	RMB'000	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000	RMB'000 (note 30)	RMB'000	
At 1 January 2016 (restated)		1,587	6,021,621	(5,771,842)	(8,423)	506,053	(197,216)	69,606	6,356,199	6,977,585
Profit for the year		-	-	-	-	-	-	-	374,626	374,626
Other comprehensive loss for the year:										
Exchange differences on translation of foreign operations		-	-	-	-	-	(294,735)	-	-	(294,735)
Total comprehensive income/(loss) for the year		-	-	-	-	-	(294,735)	-	374,626	79,891
Final 2015 distributions declared		-	(244,365)	-	-	-	-	-	-	(244,365)
2016 interim distributions	12	-	(277,651)	-	-	-	-	-	-	(277,651)
Transfer from retained profits		-	-	-	-	81,108	-	-	(81,108)	-
At 31 December 2016		1,587	5,499,605	(5,771,842)	(8,423)	587,161	(491,951)	69,606	6,649,717	6,535,460

	Note	PRC									
		Share capital	Share premium account	Merger reserve	Capital reserve	PRC statutory surplus reserve	Exchange fluctuation reserve	Hedging reserve	Asset revaluation reserve	Retained profits	Total equity
		RMB'000	RMB'000	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000	RMB'000
At 1 January 2017		1,587	5,499,605	(5,771,842)	(8,423)	587,161	(491,951)	-	69,606	6,649,717	6,535,460
Profit for the year		-	-	-	-	-	-	-	-	219,943	219,943
Other comprehensive income/(loss) for the year:											
Effective portion of changes in fair value of hedging instruments arising during the year		-	-	-	-	-	(1,459)	-	-	-	(1,459)
Exchange differences on translation of foreign operations		-	-	-	-	343,595	-	-	-	-	343,595
Total comprehensive income/(loss) for the year		-	-	-	-	343,595	(1,459)	-	219,943	562,079	
Final 2016 distributions declared		-	(282,108)	-	-	-	-	-	-	(282,108)	
2017 interim distributions	12	-	(337,049)	-	-	-	-	-	-	(337,049)	
Transfer from retained profits		-	-	-	42,778	-	-	-	(42,778)	-	
At 31 December 2017		1,587	4,880,448*	(5,771,842)*	(8,423)*	629,939*	(148,356)*	(1,459)*	69,606*	6,826,882	6,478,382

* These reserve accounts comprise the consolidated reserves of RMB6,476,795,000 as at 31 December 2017 (2016: RMB6,533,873,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		369,512	591,206
Adjustments for:			
Finance costs	8	280,651	319,860
Share of profits of joint ventures		(2,678)	(3,682)
Bank interest income	6	(8,010)	(8,138)
Other interest income	6	–	(1)
Loss on disposal of items of property, plant and equipment	7	2,352	583
Gain on disposal of other intangible assets	7	(899)	–
Impairment/(reversal of impairment) of trade receivables	7	141	(41)
Fair value gains on investment properties	15	(38,786)	(319,281)
Fair value gain on hedges of a net investment	6	(487)	–
Depreciation	7	291,070	287,043
Recognition of prepaid land lease payments	7	44,109	43,980
Amortisation of other intangible assets	7	4,939	5,543
		941,914	917,072
Decrease in inventories		1,572	1,567
Increase in trade receivables		(16,710)	(7,200)
Decrease in prepayments, deposits and other receivables		17,737	100,045
Decrease/(increase) in amounts due from related parties		7,218	(9,166)
(Decrease)/increase in trade and bills payables		(6,103)	7,086
Increase in other payables and accruals		156,256	57,279
(Decrease)/increase in amounts due to related parties		(121,626)	332,912
Exchange differences		31,049	(32,041)
Cash generated from operations		1,011,307	1,367,554
Interest received		8,010	8,139
PRC corporate income tax paid		(128,603)	(131,528)
Net cash flows from operating activities		890,714	1,244,165
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(282,914)	(246,521)
Proceeds from disposal of items of property, plant and equipment		362	40
Proceeds from disposal of other intangible assets		2,789	–
Additions to investment properties	15	(11,064)	(7,469)
Additions to prepaid land lease payments		(266)	(1,747)
Additions to other intangible assets		(2,741)	(3,868)
Dividends received from joint ventures		5,190	5,190
(Increase)/decrease in restricted bank balances		(4,924)	2,171
Net cash flows used in investing activities		(293,568)	(252,204)

▲

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		6,457,034	11,005,481
Repayment of bank and other borrowings		(5,809,049)	(11,335,542)
Interest paid		(282,985)	(275,642)
Distributions paid to holders of Share Stapled Units		(851,366)	(225,212)
Net cash flows used in financing activities		(486,366)	(830,915)
NET INCREASE IN CASH AND CASH EQUIVALENTS		110,780	161,046
Cash and cash equivalents at beginning of year		810,309	648,578
Effect of foreign exchange rate changes, net		(777)	685
CASH AND CASH EQUIVALENTS AT END OF YEAR		920,312	810,309
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	774,324	674,691
Non-pledged time deposits with original maturity of less than three months when acquired		98,500	72,691
Non-pledged time deposits with original maturity of over three months when acquired with an option to withdraw upon demand similar to demand deposits		47,488	62,927
Cash and cash equivalents as stated in the consolidated statement of financial position	23	920,312	810,309



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

1. Corporate and Trust Group Information

Jinmao (China) Hotel Investments and Management Limited (the “Company”) was incorporated in the British Virgin Islands as a company with limited liability on 18 January 2008 and was registered by way of continuation in the Cayman Islands as an exempted company with limited liability on 21 March 2014. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is Rooms 4702-03, 47th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong.

Jinmao Hotel (the “Trust”) was constituted as a trust on 13 June 2014 by a Hong Kong law governed trust deed (the “Trust Deed”) entered into between Jinmao (China) Investments Manager Limited (the “Trustee-Manager”, in its capacity as the trustee-manager of the Trust) and the Company. The scope of activities of the Trust specified in the Trust Deed is essentially limited to investing in the Company, and the powers, authorities and rights of the Trustee-Manager conferred by the Trust Deed are commensurately limited.

The share stapled units (the “Share Stapled Units”) structure comprises: (i) a unit in the Trust; (ii) a beneficial interest in a specifically identified ordinary share in the Company which is “linked” to the unit and held by the Trustee-Manager as legal owner in its capacity as trustee-manager of the Trust; and (iii) a specifically identified preference share in the Company which is “stapled” to the unit. The Share Stapled Units jointly issued by the Trust and the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 2 July 2014.

The Company is an investment holding company. During the year, the Trust, the Company and its subsidiaries (hereinafter collectively referred to as the “Trust Group”) were principally engaged in hotel operations, property leasing and the provision of property management services in the People’s Republic of China (the “PRC”).

In the opinion of the directors of the Trustee-Manager and the Company (the “Directors”), China Jinmao Holdings Group Limited (“China Jinmao”), a company incorporated in Hong Kong and listed on the Stock Exchange, is the immediate holding company of the Trust and the Company, and the ultimate holding company of the Trust and the Company is Sinochem Group Co., Limited, a company established in the PRC and is a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission in the PRC.

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

1. Corporate and Trust Group Information (Continued)

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Trust and the Company		Principal activities
			Direct	Indirect	
Grace Circle Development Limited	BVI/Hong Kong	US\$1	100	–	Investment holding
Most Giant Limited	Hong Kong	HK\$2	100	–	Investment holding
Forever Eagle Limited	Hong Kong	HK\$1	–	100	Investment holding
中國金茂(集團)有限公司 China Jin Mao (Group) Company Limited **	PRC/ Mainland China	RMB2,635,000,000	–	100	Investment holding, hotel operation and property investment
金茂(上海)物業服務有限公司 Jin Mao (Shanghai) Property Management Co., Ltd. ***	PRC/ Mainland China	RMB5,000,000	–	100	Property management
金茂(北京)置業有限公司 Beijing Jin Mao Real Estate Company Limited ***	PRC/ Mainland China	RMB1,600,000,000	–	100	Hotel operation
金茂(三亞)度假酒店有限公司 Jin Mao Sanya Resort Hotel Company Limited ***	PRC/ Mainland China	RMB300,000,000	–	100	Hotel operation
金茂(三亞)旅業有限公司 Jin Mao Sanya Tourism Company Limited ***	PRC/ Mainland China	RMB500,000,000	–	100	Hotel operation
金茂(海南)投資有限公司 Jin Mao Hainan Investment Company Limited ***	PRC/ Mainland China	RMB200,000,000	–	100	Investment holding

Continued/...

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

1. Corporate and Trust Group Information (Continued)

Information about subsidiaries (Continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Trust and the Company		Principal activities
			Direct	Indirect	
金茂深圳酒店投资有限公司 Jin Mao Shenzhen Hotel Investment Company Limited ***	PRC/ Mainland China	RMB700,000,000	-	100	Hotel operation
金茂(麗江)酒店投资有限公司 Jin Mao (Li Jiang) Hotel Investment Company Limited ***	PRC/ Mainland China	RMB100,000,000	-	100	Hotel operation
王府井飯店管理有限公司 Wangfujing Hotel Management Company Limited **	PRC/ Mainland China	US\$73,345,000	-	100	Hotel operation
驪隆(上海)酒店管理有限公司 Li Long (Shanghai) Hotel Management Company Limited ***	PRC/ Mainland China	RMB760,000,000	-	100	Hotel operation

The names of these companies referred to in these financial statements represent management's best effort at translating the Chinese names of these companies, as no English names have been registered.

* Registered as wholly-foreign-owned enterprises under PRC law

** Registered as limited liability companies under PRC law

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Groups (defined in note 2.1). To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 Basis of Presentation

In accordance with the Trust Deed, the Trust and the Company are each required to prepare their own sets of financial statements on a consolidated basis. The Trust's consolidated financial statements for the year ended 31 December 2017 comprise the consolidated financial statements of the Trust, the Company and its subsidiaries. The Company's consolidated financial statements for the year ended 31 December 2017 comprise the consolidated financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "JCHIML Group").



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

2.1 Basis of Presentation (Continued)

The Trust controls the Company and the sole activity of the Trust during the year ended 31 December 2017 was investing in the Company. Therefore, the consolidated results and financial position that would be presented in the consolidated financial statements of the Trust are identical to the consolidated financial results and financial position of the Company with the only difference being disclosures of capital of the Company. The consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of financial position, the consolidated statements of changes in equity, the consolidated statements of cash flows, the significant accounting policies and the related explanatory information are common to the Trust and the Company. The Directors therefore believe that it is clearer to present together the consolidated financial statements of the Trust and the consolidated financial statements of the Company, which are hereinafter referred to as "the Trust and the Company's consolidated financial statements".

The Trust Group and the JCHIML Group are referred as the "Groups".

2.2 Basis of Preparation

The Trust and the Company's consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and derivative financial instruments which have been measured at fair value. The Trust and the Company's consolidated financial statements are presented in RMB and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

Basis of consolidation

The Trust's consolidated financial statements for the year ended 31 December 2017 comprise the consolidated financial statements of the Trust, the Company and its subsidiaries. The Company's consolidated financial statements for the year ended 31 December 2017 comprise the consolidated financial statements of the Company and its subsidiaries. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Trust and the Company. Control is achieved when the Groups are exposed, or have rights, to variable returns from the Groups' involvement with the investee and have the ability to affect those returns through the Groups' power over the investee (i.e., existing rights that give the Groups the current ability to direct the relevant activities of the investee).



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

2.2 Basis of Preparation (Continued)

Basis of consolidation (Continued)

When the Trust and the Company have, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Groups consider all relevant facts and circumstances in assessing whether the Groups have power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Groups' voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Trust and the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Groups obtain control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Groups and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Groups are eliminated in full on consolidation.

The Groups reassess whether or not they control an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Groups lose control over a subsidiary, the Groups derecognise (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognise (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Groups' share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Groups had directly disposed of the related assets or liabilities.



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

2.3 Net Current Liabilities

The Groups had net current liabilities of RMB6,910,081,000 as at 31 December 2017. The Directors are of the opinion that, based on a detailed review of the working capital forecast of the Groups and the available unutilised banking facilities, the Groups will have the necessary liquid funds to finance the Groups' working capital and to meet the Groups' capital expenditure requirements.

Accordingly, the Directors are of the opinion that it is appropriate to prepare the Trust and the Company's consolidated financial statements on a going concern basis. Should the Groups be unable to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, and to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in the Trust and the Company's consolidated financial statements.

2.4 Changes in Accounting Policies and Disclosures


The Groups have adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to HKFRS 12	<i>Disclosure of Interests in Other Entities: Clarification of the Scope</i>
included in <i>Annual Improvements</i>	<i>of HKFRS 12</i>
<i>to HKFRSs 2014-2016 Cycle</i>	

Other than as explained below, the adoption of the above revised standards has had no significant financial effect on these financial statements.

The nature and the impact of the amendments are described below:

- (a) Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Disclosure of the changes in liabilities arising from financing activities is provided in note 31 to the financial statements.
- (b) Amendments to HKAS 12 clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments have had no impact on the financial position or performance of the Groups as the Groups have no deductible temporary differences or assets that are in the scope of the amendments.



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

2.4 Changes in Accounting Policies and Disclosures (Continued)

- (c) Amendments to HKFRS 12 clarify that the disclosure requirements in HKFRS 12, other than those disclosure requirements in paragraphs B10 to B16 of HKFRS 12, apply to an entity's interest in a subsidiary, a joint venture or an associate, or a portion of its interest in a joint venture or an associate that is classified as held for sale or included in a disposal group classified as held for sale. The amendments have had no impact on the Groups' financial statements as the Groups have no subsidiary classified as a disposal group held for sale as at 31 December 2017.

2.5 Issued But Not Yet Effective Hong Kong Financial Reporting Standards

The Groups have not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Trust and the Company's consolidated financial statements.

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions¹</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts¹</i>
HKFRS 9	<i>Financial Instruments¹</i>
Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation²</i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
HKFRS 15	<i>Revenue from Contracts with Customers¹</i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers¹</i>
HKFRS 16	<i>Leases²</i>
HKFRS 17	<i>Insurance Contracts³</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures²</i>
Amendments to HKAS 40	<i>Transfers of Investment Property¹</i>
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration¹</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments²</i>
<i>Annual Improvements 2014-2016 Cycle</i>	<i>Amendments to HKFRS 1 and HKAS 28¹</i>
<i>Annual Improvements 2015-2017 Cycle</i>	<i>Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23²</i>

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

³ Effective for annual periods beginning on or after 1 January 2021

⁴ No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Groups is described below.



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

2.5 Issued But Not Yet Effective Hong Kong Financial Reporting Standards (Continued)

The HKICPA issued amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet an employee's tax obligation associated with the share-based payment; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if they elect to adopt for all three amendments and other criteria are met. The Groups will adopt the amendments from 1 January 2018. The amendments are not expected to have any significant impact on the Groups' financial statements.

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Groups will adopt HKFRS 9 from 1 January 2018. During 2017, the Groups have performed a detailed impact assessment of all three aspects of HKFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Groups in 2018 when the Groups will adopt HKFRS 9. Overall, the Groups expect no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of HKFRS 9. The Groups expect an increase in the loss allowance resulting in a negative impact on equity as discussed below. In addition, the Groups will implement changes in classification of certain financial instruments.

(a) Classification and measurement

The Groups do not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of their financial assets. They expect to continue measuring at fair value all financial assets currently held at fair value.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Groups analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under HKFRS 9. Therefore, reclassification for these instruments is not required.



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

2.5 Issued But Not Yet Effective Hong Kong Financial Reporting Standards (Continued)

(b) Impairment

HKFRS 9 requires the Groups to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Groups will apply the simplified approach and record lifetime expected losses on all trade receivables.

(c) Hedge accounting

The Groups determined that all existing hedge relationships that are currently designated in effective hedging relationships will continue to qualify for hedge accounting under HKFRS 9. The Groups have chosen not to retrospectively apply HKFRS 9 on transition to the hedges where the Groups excluded the forward points from the hedge designation under HKAS 39. As HKFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of HKFRS 9 will not have a significant impact on Groups' financial statements.

(d) Other adjustments

In addition to the adjustments described above, on adoption of HKFRS 9, other items of the primary financial statements such as deferred taxes, investments in the joint ventures, will be adjusted as necessary. The exchange differences on translation of foreign operations will also be adjusted.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

2.5 Issued But Not Yet Effective Hong Kong Financial Reporting Standards (Continued)

HKFRS 15, issued in July 2014, establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. Either a full retrospective application or a modified retrospective adoption is required on the initial application of the standard. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Groups plan to adopt the transitional provisions in HKFRS 15 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2018. In addition, the Groups plan to apply the new requirements only to contracts that are not completed before 1 January 2018. The expected changes in accounting policies, as further explained below, will have a material impact on the Groups' financial statements from 2018 onwards. During 2017, the Groups have performed a preliminary detailed assessment on the impact of the adoption of HKFRS 15.

The Groups' principal activities consist of hotel operations, property leasing and the provision of property management services. The expected impacts arising from the adoption of HKFRS 15 on the Groups are summarised as follows:

(a) Advances received from customers

Generally, the Groups receive only advances from certain customers. They are presented as part of *Other payables and accruals*.

Under HKFRS 15, the Groups must determine whether there is a significant financing component in its contracts. Based on the nature of the services offered and the purpose of payment terms, the Groups determined that none of the contracts require customers to pay advances, which the payment terms were structured primarily for reason other than the provision of finance to the Groups, i.e. advances are generally required from new customers, as well as customers with a history of late payments, they do not provide customers with an alternative to pay in arrears. In addition, the length of time between when the customer pays for the service and the Groups provide service to the customer is relatively short. Therefore, the Groups have concluded that there is not a significant financing component in these contracts.



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

2.5 Issued But Not Yet Effective Hong Kong Financial Reporting Standards (Continued)

(b) Presentation and disclosure requirements

The presentation and disclosure requirements in HKFRS 15 are more detailed than under current HKAS 18. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the Groups' financial statements. Many of the disclosure requirements in HKFRS 15 are new and the Groups have assessed that the impact of some of these disclosures requirements will be significant. In particular, the Groups expect that the notes to the financial statements will be expanded because of the disclosure of significant judgements made on how the transaction price has been allocated to the performance obligations, and the assumptions made to estimate the stand-alone selling prices of each performance obligation. In addition, as required by HKFRS 15, the Groups will disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. In 2017 the Groups continued testing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

(c) Other adjustments

In addition to the major adjustments described above, on adoption of HKFRS 15, other items of the primary financial statements such as deferred taxes, investments in joint ventures, as well as share of profit of joint ventures, will be affected and adjusted as necessary. Furthermore, exchange differences on translation of foreign operations would also be adjusted. However, on transition, the effect of these changes is not expected to be material for the Groups.




NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

2.5 Issued But Not Yet Effective Hong Kong Financial Reporting Standards (Continued)

HKFRS 16, issued in May 2016, replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Groups expect to adopt HKFRS 16 from 1 January 2019 and are currently assessing the impact of HKFRS 16 upon adoption and is considering whether it will choose to take advantage of the practical expedients available and which transition approach and reliefs will be adopted. As disclosed in note 33(b) to the financial statements, at 31 December 2017, the Groups had future minimum lease payments under non-cancellable operating leases in aggregate of approximately RMB9,215,000. Upon adoption of HKFRS 16, certain amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new rights of use assets and lease liabilities to be recognised, including, but not limited to, any amounts relating to leases of low-value assets and short term leases, other practical expedients and reliefs chosen, and new leases entered into before the date of adoption.



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

2.5 Issued But Not Yet Effective Hong Kong Financial Reporting Standards (Continued)

Amendments to HKAS 28 issued in January 2018 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The amendments are not expected to have any significant impact on the Groups' financial statements.

Amendments to HKAS 40, issued in April 2017, clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and here is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to the changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at the date that it first applies the amendments and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application is only permitted if it is possible without the use of hindsight. The Groups expect to adopt the amendments prospectively from 1 January 2018. The amendments are not expected to have any significant impact on the Groups' financial statements.

HK(IFRIC)-Int 22, issued in June 2017, provides guidance on how to determine the date of the transaction when applying HKAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. Entities may apply the interpretation on a full retrospective basis or on a prospective basis, either from the beginning of the reporting period in which the entity first applies the interpretation or the beginning of the prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation. The Groups expect to adopt the interpretation prospectively from 1 January 2018. The interpretation is not expected to have any significant impact on the Groups' financial statements.



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

2.5 Issued But Not Yet Effective Hong Kong Financial Reporting Standards (Continued)

HK(IFRIC)-Int 23, issued in July 2017, addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Groups expect to adopt the interpretation from 1 January 2019. The interpretation is not expected to have any significant impact on the Groups' financial statements.

Annual Improvements to HKFRSs 2014-2016 Cycle, issued in March 2017, sets out amendments to HKFRS 1, HKFRS 12 and HKAS 28. Except for the amendments to HKFRS 12 which have been adopted by the Groups for the current year's financial statements, the Groups expect to adopt the amendments from 1 January 2018. None of the amendments are expected to have a significant financial impact on the Groups. Details of the amendments to HKFRS 1 and HKAS 28 are as follows:

- ▲ HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards*: Deletes the short-term exemptions for first-time adopters because the reliefs provided in the exemptions are no longer applicable.
- ▲ HKAS 28 *Investments in Associates and Joint Ventures*: Clarifies that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries when applying the equity method. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (i) the investment entity associate or joint venture is initially recognised; (ii) the associate or joint venture becomes an investment entity; and (iii) the investment entity associate or joint venture first becomes a parent. These amendments should be applied retrospectively.



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

2.5 Issued But Not Yet Effective Hong Kong Financial Reporting Standards (Continued)

Annual Improvements to HKFRSs 2015-2017 Cycle, issued in February 2018, sets out amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23. The Groups expect to adopt the amendments from 1 January 2019. None of the amendments are expected to have a significant financial impact on the Groups. Details of the amendments are as follows:

- ▲ HKFRS 3 *Business Combinations*: Clarifies that, when an entity obtains control of a business that is a joint operation, it must apply the requirements for a business combination achieved in stages and remeasure its entire previously held interest in the joint operation at fair value.
- ▲ HKFRS 11 *Joint Arrangements*: Clarifies that when an entity that participates in, but does not have joint control of a joint operation, obtains joint control over that joint operation that is a business, it does not remeasure the interest it previously held in that joint operation.
- ▲ HKAS 12 *Income Taxes*: Clarifies that an entity recognises all income tax consequences of dividends in profit or loss, other comprehensive income or equity, depending on where the entity recognised the originating transaction or event that generated the distributable profits giving rise to the dividend.
- ▲ HKAS 23 *Borrowing Costs*: Clarifies that an entity treats as part of general borrowings any specific borrowing originally made to develop a qualifying asset, and that is still outstanding, when substantially all of the activities necessary to prepare that asset for its intended use or sales are complete.



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

3. Summary of Significant Accounting Policies

Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Groups' investments in joint ventures are stated in the consolidated statement of financial position at the Groups' share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Groups' share of the post-acquisition results and other comprehensive income of joint ventures are included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the joint venture, the Groups recognise their share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Groups and the Groups' joint ventures are eliminated to the extent of the Groups' investments in the joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of joint ventures is included as part of the Groups' investments in joint ventures.

If an investment in a joint venture becomes an investment in an associate or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Groups measure and recognise any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the statement of profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Fair value measurement

The Groups measure their investment properties at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Groups. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

3. Summary of Significant Accounting Policies (Continued)

Fair value measurement (Continued)

The Groups use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Groups determine whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

3. Summary of Significant Accounting Policies (Continued)

Related parties

A party is considered to be related to the Groups if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Groups;
 - (ii) has significant influence over the Groups; or
 - (iii) is a member of the key management personnel of the Groups or of a parent of the Groups;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Groups are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Groups are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Groups or an entity related to the Groups;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Groups or to the parent of the Groups.



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

3. Summary of Significant Accounting Policies (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Groups recognise such parts as individual assets with specific useful lives and depreciate them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Hotel properties	1.7%– 2.8%
Leasehold improvements	18%– 20%
Buildings	1.7%– 5%
Furniture, fixtures and office equipment	3.8%– 33.3%
Motor vehicles	8.3%– 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction or equipment under installation or testing, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction/equipment and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

3. Summary of Significant Accounting Policies (Continued)

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Groups as an owner-occupied property becomes an investment property, the Groups account for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

3. Summary of Significant Accounting Policies (Continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Computer software

Purchased computer software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 to 10 years.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Groups are the lessor, assets leased by the Groups under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Groups are the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

3. Summary of Significant Accounting Policies (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Groups commit to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses and losses for receivables.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Trust and the Company's consolidated statement of financial position) when:

- ▲ the rights to receive cash flows from the asset have expired; or
- ▲ the Groups have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Groups have transferred substantially all the risks and rewards of the asset, or (b) the Groups have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Groups have transferred the Groups' rights to receive cash flows from an asset or have entered into a pass-through arrangement, the Groups evaluate if and to what extent the Groups have retained the risk and rewards of ownership of the asset. When the Groups have neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Groups continue to recognise the transferred asset to the extent of the Groups' continuing involvement. In that case, the Groups also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Groups have retained.



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

3. Summary of Significant Accounting Policies (Continued)

Derecognition of financial assets (Continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Groups could be required to repay.

Impairment of financial assets

The Groups assess at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Groups first assess whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Groups determine that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, they include the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Groups.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses and losses in the statement of profit or loss.



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

3. Summary of Significant Accounting Policies (Continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Groups' financial liabilities include trade and other payables and accruals, amounts due to related parties, interest-bearing bank and other borrowings and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

3. Summary of Significant Accounting Policies (Continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Groups use derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- ▲ fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- ▲ cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- ▲ hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Groups formally designate and document the hedge relationship to which the Groups wish to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Groups will assess the hedging instrument's effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

3. Summary of Significant Accounting Policies (Continued)

Derivative financial instruments and hedge accounting (Continued)

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- ▲ Where the Groups expect to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.
- ▲ Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.
- ▲ Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Groups' cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

3. Summary of Significant Accounting Policies (Continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in countries in which the Groups operate.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- ▲ when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- ▲ in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

3. Summary of Significant Accounting Policies (Continued)

Income tax (Continued)

- ▲ when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- ▲ in respect of deductible temporary differences associated with investments in subsidiaries and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Groups have a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

3. Summary of Significant Accounting Policies (Continued)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Groups and when the revenue can be measured reliably, on the following bases:

- (a) hotel and other service income, in the period in which such services are rendered;
- (b) rental income, on a time proportion basis over lease terms, except for contingent rental income which is recognised when it arises, where premiums received to terminate leases are recognised in the statement of profit or loss when they arise;
- (c) from the rendering of property management services, in the period in which such services are rendered;
- (d) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and
- (e) dividend income, when the shareholders/holders of Share Stapled Units' right to receive payment has been established.

Pension schemes

The Groups operate a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of the Groups' employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Groups in an independently administered fund. The Groups' employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Groups' subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

3. Summary of Significant Accounting Policies (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends/distributions

Final dividends/distributions are recognised as a liability when they are approved by the shareholders/holders of Share Stapled Units in a general meeting. Proposed final dividends/distributions are disclosed in the notes to the financial statements.

Interim dividends/distributions are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The Trust and the Company's consolidated financial statements are presented in RMB, while the Trust's and the Company's functional currency is HK\$. Each entity in the Groups determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Groups are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of the Trust, the Company and subsidiaries operating outside Mainland China are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

3. Summary of Significant Accounting Policies (Continued)

Foreign currencies (Continued)

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the Trust, the Company and subsidiaries operating outside Mainland China are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the Trust, the Company and subsidiaries operating outside Mainland China which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

4. Significant Accounting Judgements and Estimates

The preparation of the Trust and the Company's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Groups' accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Trust and the Company's consolidated financial statements:

Operating lease commitments – Groups as lessor

The Groups have entered into commercial property leases on the Groups' investment property portfolio. The Groups have determined, based on an evaluation of the terms and conditions of the arrangements, that the Groups retain all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Groups determine whether a property qualifies as an investment property, and have developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Groups consider whether a property generates cash flows largely independently of the other assets held by the Groups. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Groups account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

4. Significant Accounting Judgements and Estimates (Continued)

Judgements (Continued)

Withholding tax arising from the distribution of dividends

The Groups' determination, as to whether to accrue withholding taxes arising from the distributions of dividends by certain subsidiaries according to the relevant tax rules enacted in the jurisdictions, is subject to judgement on the plan of the distribution of dividends.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of trade and other receivables


The policy for impairment of trade and other receivables of the Groups is based on the ongoing evaluation of the collectability, ageing analysis of the outstanding receivables and management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer. If the financial conditions of the customers of the Groups were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Groups consider information from a variety of sources, including:

- (a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;
- (b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties as at 31 December 2017 was RMB8,781,200,000 (2016: RMB8,731,350,000). Further details, including the key assumptions used for fair value measurement, are given in note 15 to the Trust and the Company's consolidated financial statements.



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

4. Significant Accounting Judgements and Estimates (Continued)

Estimation uncertainty (Continued)

Impairment of non-financial assets

The Groups assess whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of deferred tax assets relating to recognised tax losses at 31 December 2017 was RMB6,236,000 (2016: Nil). The amount of unrecognised tax losses at 31 December 2017 was RMB478,700,000 (2016: RMB535,782,000). Further details are contained in note 28 to the financial statements.

PRC corporate income tax

The Groups are subject to income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise. The carrying amount of income tax payable as at 31 December 2017 was RMB37,010,000 (2016: RMB38,028,000).

5. Operating Segment Information

For management purposes, the Groups are organised into business units based on their products and services they provided and have three reportable operating segments as follows:

- (a) the property leasing segment leases office and commercial premises;
- (b) the hotel operations segment provides hotel accommodation services; and
- (c) the "others" segment mainly comprises the provision of property management and the operation of an observation deck.



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

5. Operating Segment Information (Continued)

Management monitors the results of the Groups' operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Groups' profit before tax except that interest income and finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, amounts due from related parties, restricted bank balances, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings and related interest payables, tax payable, amounts due to related parties, deferred tax liabilities, derivative financial instruments and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted in accordance with the terms and conditions mutually agreed by the parties involved.

Geographical information

The Groups' operations are mainly conducted in Mainland China. Management considered there is one reportable geographic segment as all revenue from external customers is generated in Mainland China and the Groups' significant non-current assets are located in Mainland China.

Information about major customers

For the years ended 31 December 2016 and 2017, there was no single external customer from which the revenue derived accounted for 10% or more of the Groups' total revenue.

▲

NOTES TO THE TRUST AND THE COMPANY'S
CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

5. Operating Segment Information (Continued)

For the year ended 31 December 2017

	Property leasing RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	514,363	1,902,663	178,422	2,595,448
Segment results	401,217	236,723	38,997	676,937
<i>Reconciliation:</i>				
Interest income				8,010
Corporate and other unallocated expenses				(34,784)
Finance costs				(280,651)
Profit before tax				369,512
Segment assets	8,817,487	12,224,408	106,271	21,148,166
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(8,559,376)
Corporate and other unallocated assets				5,739,545
Total assets				18,328,335
Segment liabilities	303,203	7,145,398	56,355	7,504,956
<i>Reconciliation:</i>				
Elimination of intersegment payables				(8,525,996)
Corporate and other unallocated liabilities				12,870,993
Total liabilities				11,849,953
Other segment information:				
Share of profits of joint ventures	-	-	2,678	2,678
Depreciation and amortisation	2,465	288,973	4,571	296,009
Recognition of prepaid land lease payments	-	44,109	-	44,109
Loss on disposal of items of property, plant and equipment	-	2,352	-	2,352
Impairment recognised in the statement of profit or loss	-	141	-	141
Fair value gains on investment properties	38,786	-	-	38,786
Investments in joint ventures	-	-	33,865	33,865
Capital expenditure*	13,556	185,585	1,821	200,962

* Capital expenditure consists of additions to property, plant and equipment, intangible assets, prepaid land lease payments and investment properties.

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

5. Operating Segment Information (Continued)

For the year ended 31 December 2016

	Property leasing RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	495,768	1,808,701	146,282	2,450,751
Segment results				
<i>Reconciliation:</i>	706,282	182,951	26,057	915,290
Interest income				8,139
Corporate and other unallocated expenses				(12,363)
Finance costs				(319,860)
Profit before tax				591,206
Segment assets				
	8,761,996	12,261,135	137,386	21,160,517
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(8,295,550)
Corporate and other unallocated assets				5,542,252
Total assets				18,407,219
Segment liabilities				
	276,303	7,787,702	69,211	8,133,216
<i>Reconciliation:</i>				
Elimination of intersegment payables				(9,236,280)
Corporate and other unallocated liabilities				12,974,823
Total liabilities				11,871,759
Other segment information:				
Share of profits of joint ventures	–	–	3,682	3,682
Depreciation and amortisation	3,486	284,465	4,635	292,586
Recognition of prepaid land lease payments	–	43,980	–	43,980
Loss on disposal of items of property, plant and equipment	–	581	2	583
Reversal of impairment recognised in the statement of profit or loss	–	(41)	–	(41)
Fair value gains on investment properties	319,281	–	–	319,281
Investments in joint ventures	–	–	36,377	36,377
Capital expenditure	9,435	166,211	1,238	176,884

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

6. Revenue, Other Income and Gains

Revenue represents the income from hotel operations, property leasing and provision of property management and related service, net of business tax, if applicable.

An analysis of revenue, other income and gains is as follows:

	Note	2017 RMB'000	2016 RMB'000
Revenue			
Hotel operations		1,902,663	1,808,701
Gross rental income		514,363	495,768
Others		178,422	146,282
		2,595,448	2,450,751
Other income			
Bank interest income		8,010	8,138
Government grants*		5,374	19,326
Other interest income		–	1
		13,384	27,465
Gains			
Fair value gains on derivative financial instruments			
– transactions not qualifying as hedges	26	487	–
Others		8,751	23,891
		22,622	51,356

* Various government grants have been received from the relevant authorities for the Groups' businesses conducted in certain cities in Mainland China. There are no unfulfilled conditions or contingencies relating to these grants.

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

7. Profit Before Tax

The Groups' profit before tax is arrived at after charging/(crediting):

Notes	2017 RMB'000	2016 RMB'000
Cost of services provided	1,109,683	1,065,969
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	39,417	47,007
Depreciation	291,070	287,043
Amortisation of intangible assets	4,939	5,543
Minimum lease payments under operating leases	11,227	8,810
Recognition of prepaid land lease payments	44,109	43,980
Auditors' remuneration	1,553	1,513
Employee benefit expense (including directors' and chief executive's remuneration (note 9)):		
Wages and salaries	523,657	502,937
Pension scheme contributions (defined contribution schemes)	47,457	48,327
Less: Amount capitalised	–	(189)
Net pension scheme contributions*	47,457	48,138
	571,114	551,075
Foreign exchange differences, net	20,217	8,521
Loss on disposal of items of property, plant and equipment**	2,352	583
Gain on disposal of other intangible assets	(899)	–
Impairment/(reversal of impairment) of trade receivables**	141	(41)

* As at 31 December 2017, the Groups had no forfeited contributions available to reduce the Groups' contributions to the pension schemes in future years (2016: Nil).

** These items are included in "Other expenses and losses, net" in the consolidated statement of profit or loss.

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

8. Finance Costs

An analysis of finance costs is as follows:

	2017 RMB'000	2016 RMB'000
Interest on bank loans and notes	271,306	282,160
Amortisation of ancillary costs incurred in connection with the arrangement of bank loans	9,345	37,700
	280,651	319,860

9. Directors' and Chief Executive's Remuneration

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c), and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2017 RMB'000	2016 RMB'000
Fees	519	513
Other emoluments:		
Salaries, allowances and benefits in kind	1,373	1,697
Performance related bonuses*	2,240	1,313
Pension scheme contributions	200	303
	3,813	3,313
	4,332	3,826

* Certain executive directors of the Company are entitled to bonus payments which are determined with reference to the performance of the Groups' operations.

▲

NOTES TO THE TRUST AND THE COMPANY'S
CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

9. Directors' and Chief Executive's Remuneration (Continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2017 RMB'000	2016 RMB'000
Dr. Chung Shui Ming Timpson	173	171
Dr. Chen Jieping	173	171
Dr. Xin Tao	173	171
	519	513

There were no other emoluments payable to the independent non-executive directors during the year (2016: Nil).

(b) Executive director, non-executive directors and the chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2017					
Executive director:					
Mr. Zhang Hui (note 1)	-	1,215	2,092	177	3,484
Mr. Tang Yong (note 2)	-	158	148	23	329
	-	1,373	2,240	200	3,813
Non-executive directors:					
Mr. Zhang Hui (note 1)	-	-	-	-	-
Mr. Li Congrui (note 4)	-	-	-	-	-
Mr. Jiang Nan	-	-	-	-	-
Ms. Lan Haiqing (note 5)	-	-	-	-	-
	-	-	-	-	-
	-	1,373	2,240	200	3,813

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

9. Directors' and Chief Executive's Remuneration (Continued)

(b) Executive director, non-executive directors and the chief executive (Continued)

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2016					
Executive director:					
Mr. Zhang Hui	–	1,697	1,313	303	3,313
Non-executive directors:					
Mr. Cai Xiyou (note 3)	–	–	–	–	–
Mr. Li Congrui (note 4)	–	–	–	–	–
Mr. Jiang Nan	–	–	–	–	–
Ms. Lan Haiqing (note 5)	–	–	–	–	–
	–	–	–	–	–
	–	1,697	1,313	303	3,313

Notes:

- (1) Mr. Zhang Hui was re-designated from an executive director of the Trustee-Manager and the Company to a non-executive director of the Trustee-Manager and the Company, with effect from 19 October 2017.
- (2) Mr. Tang Yong was appointed as an executive director and the chief executive director of the Trust-Manager and the Company, with effect from 19 October 2017. The remuneration disclosed above represented his remuneration during his tenure as an executive director and the chief executive of the Trustee-manager and the Company.
- (3) Mr. Cai Xiyou resigned as a non-executive director and the chairman of the Trustee-Manager and the Company with effect from 15 March 2016.
- (4) Mr. Li Congrui was appointed as the chairman of the Trustee-Manager and the Company on 29 April 2016.
- (5) Ms. Lan Haiqing was appointed as a non-executive director of the Trustee-Manager and the Company on 29 April 2016.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2016: Nil).

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

10. Five Highest Paid Employees

The five highest paid employees during the year included two directors and the chief executive (2016: one director and the chief executive). The remuneration for the year of the five highest paid employees of the Trustee-Manager and the Company are as follows:

	2017 RMB'000	2016 RMB'000
Salaries, allowances and benefits in kind	4,033	4,650
Performance related bonuses	5,285	4,189
Pension scheme contributions	712	995
	10,030	9,834

The number of highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2017	2016
HK\$1,500,001 to HK\$2,000,000	3	4
HK\$2,000,001 to HK\$2,500,000	1	–
HK\$3,500,001 to HK\$4,000,000	–	1
HK\$4,000,001 to HK\$4,500,000	1	–
	5	5

11. Income Tax

	2017 RMB'000	2016 RMB'000
Current – PRC corporate income tax	127,585	105,721
Deferred (note 28)	21,984	110,859
Total tax charge for the year	149,569	216,580

Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Groups did not generate any assessable profits arising in Hong Kong during the year (2016: Nil).

PRC corporate income tax

PRC corporate income tax has been provided at the rate of 25% (2016: 25%) on the taxable profits of the Groups' PRC subsidiaries during the year.

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

11. Income Tax (Continued)

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before tax at the statutory rates for the jurisdictions in which the Trust, the Company and the majority of its subsidiaries are domiciled to the tax charge for the year is as follows:

2017

	Mainland China RMB'000	Hong Kong RMB'000	Total RMB'000
Profit/(loss) before tax	501,306	(131,794)	369,512
Tax at the statutory tax rate	125,326	(21,746)	103,580
Profits and losses attributable to joint ventures	(669)	–	(669)
Expenses not deductible for tax	11,432	21,746	33,178
Tax losses utilised from previous periods	(393)	–	(393)
Tax losses from previous periods recognised	(6,236)	–	(6,236)
Tax losses not recognised	20,109	–	20,109
Tax charge for the year	149,569	–	149,569

2016

	Mainland China RMB'000	Hong Kong RMB'000	Total RMB'000
Profit/(loss) before tax	730,543	(139,337)	591,206
Tax at the statutory tax rate	182,636	(22,991)	159,645
Profits and losses attributable to joint ventures	(921)	–	(921)
Income not subject to tax	–	(642)	(642)
Expenses not deductible for tax	11,567	23,633	35,200
Tax losses not recognised	23,298	–	23,298
Tax charge for the year	216,580	–	216,580

The share of tax attributable to joint ventures amounting to RMB900,500 (2016: RMB1,233,000) is included in the "Share of profits of joint ventures" in the consolidated statement of profit or loss.

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

12. Distributions

Note	2017 RMB'000	2016 RMB'000
Interim – HK19.60 cents (2016: HK16.15 cents) per Share Stapled Unit	346,443	277,651
Proposed 2017 distributions attributable to group distributable income – HK15.45 cents (2016: HK16.18 cents) per Share Stapled Unit	(a) 261,536	276,889
	607,979	554,540

- (a) The proposed 2017 distribution to holders of Share Stapled Units is based on the group distributable income for the year ended 31 December 2017 and the number of Share Stapled Units as at 31 December 2017. The proposed 2017 distribution was not recognised as a liability as at 31 December 2017, and is subject to the approval of the holders of Share Stapled Units at the forthcoming AGM.

The group distributable income for the year ended 31 December 2017 is RMB607,979,000, equivalent to HK\$701,000,000, which is adjusted from the profit or loss for the year ended 31 December 2017 after the adjustments permitted under the Trust Deed and the Company's Articles.

- (i) Pursuant to clause 1.1 of the Trust Deed, "Adjustments" includes, but not limited to (i) unrealised revaluation gains/losses, including impairment provisions and reversals of impairment provisions; (ii) impairment of goodwill/recognition of negative goodwill; (iii) material non-cash gains/losses; (iv) costs of any public offering of Share Stapled Units that are expensed through the consolidated statement of profit or loss but are funded by proceeds from the issuance of such Share Stapled Units; (v) depreciation and amortisation; (vi) tax charges as shown in the consolidated statement of profit or loss; and (vii) net finance income/costs as shown in the consolidated statement of profit or loss.
- (ii) The Trust Deed and the articles of association of the Company state that, except with the prior approval of an ordinary resolution of registered holders of units and an ordinary resolution of the shareholders of the Company and subject to compliance with all applicable laws of the Cayman Islands and the articles of association of the Company, the Directors will declare and distribute 100% of the distributable income (as defined in the Trust Deed) in respect of each financial year thereafter. The Trust Deed requires the Trustee-Manager (on behalf of the Trust) to distribute the dividends, distributions and other amounts received by the Trustee-Manager in respect of the ordinary shares from the Company, after deduction of all amounts permitted to be deducted or paid under the Trust Deed.

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

13. Earnings Per Share Stapled Unit

The calculation of the basic earnings per Share Stapled Unit/ordinary shares of the Company amount for the year is based on the profit for the year of RMB219,943,000 (2016: RMB374,626,000), and the weighted average number of Share Stapled Units of 2,000,000,000 (2016: 2,000,000,000) in issue during the year.

The Groups had no potentially dilutive Share Stapled Units/ordinary shares of the Company in issue during the year (2016: Nil).

The calculation of basic and diluted earnings per Share Stapled Unit/ordinary share of the Company is based on:

	2017 RMB'000	2016 RMB'000
Earnings		
Profit for the year, used in the calculation of basic and diluted earnings per Share Stapled Unit/ordinary share of the Company	219,943	374,626
Number of Share Stapled Units/ ordinary shares of the Company		
	2017	2016
Share Stapled Units/ordinary shares of the Company		
Weighted average number of Share Stapled Units/ordinary shares of the Company in issue during the year, used in the calculation of basic and diluted earnings per Share Stapled Unit/ordinary share of the Company	2,000,000,000	2,000,000,000

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

14. Property, Plant and Equipment

	Hotel properties RMB'000	Leasehold improvements RMB'000	Buildings RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2017							
At 31 December 2016 and at 1 January 2017:							
Cost	7,869,469	49,284	143,970	1,501,443	28,755	8,616	9,601,537
Accumulated depreciation and impairment	(1,282,557)	(49,284)	(37,829)	(877,076)	(19,094)	-	(2,265,840)
Net carrying amount	6,586,912	-	106,141	624,367	9,661	8,616	7,335,697
At 1 January 2017, net of accumulated depreciation and impairment	6,586,912	-	106,141	624,367	9,661	8,616	7,335,697
Additions	116,736	-	-	6,040	187	52,879	175,842
Disposals	(56,985)	-	-	(46,139)	(285)	-	(103,409)
Depreciation provided during the year	(193,245)	-	(2,545)	(92,700)	(2,580)	-	(291,070)
Transfers	66,808	-	-	(39,761)	-	(27,047)	-
At 31 December 2017, net of accumulated depreciation and impairment	6,520,226	-	103,596	451,807	6,983	34,448	7,117,060
At 31 December 2017:							
Cost	8,002,304	49,284	143,970	1,409,165	26,136	34,448	9,665,307
Accumulated depreciation and impairment	(1,482,078)	(49,284)	(40,374)	(957,358)	(19,153)	-	(2,548,247)
Net carrying amount	6,520,226	-	103,596	451,807	6,983	34,448	7,117,060

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

14. Property, Plant and Equipment (Continued)

	Hotel properties RMB'000	Leasehold improvements RMB'000	Buildings RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2016							
At 31 December 2015 and at 1 January 2016:							
Cost	7,710,457	49,284	143,970	1,494,901	29,506	16,721	9,444,839
Accumulated depreciation and impairment	(1,093,876)	(49,284)	(35,284)	(789,289)	(17,543)	-	(1,985,276)
Net carrying amount	6,616,581	-	108,686	705,612	11,963	16,721	7,459,563
At 1 January 2016, net of accumulated depreciation and impairment							
	6,616,581	-	108,686	705,612	11,963	16,721	7,459,563
Additions	92,712	-	-	9,009	738	61,341	163,800
Disposals	(5)	-	-	(419)	(199)	-	(623)
Depreciation provided during the year	(188,681)	-	(2,545)	(92,976)	(2,841)	-	(287,043)
Transfers	66,305	-	-	3,141	-	(69,446)	-
At 31 December 2016, net of accumulated depreciation and impairment	6,586,912	-	106,141	624,367	9,661	8,616	7,335,697
At 31 December 2016:							
Cost	7,869,469	49,284	143,970	1,501,443	28,755	8,616	9,601,537
Accumulated depreciation and impairment	(1,282,557)	(49,284)	(37,829)	(877,076)	(19,094)	-	(2,265,840)
Net carrying amount	6,586,912	-	106,141	624,367	9,661	8,616	7,335,697

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

15. Investment Properties

	2017 RMB'000	2016 RMB'000
Carrying amount at 1 January	8,731,350	8,404,600
Additions	11,064	7,469
Net gain from a fair value adjustment recognised in profit or loss	38,786	319,281
Carrying amount at 31 December	8,781,200	8,731,350

The Groups' investment properties consist of one commercial property in Mainland China. The Directors have determined that the investment properties consist of one class of asset, i.e., commercial, based on the nature, characteristics and risks of the property. The Groups' investment properties were revalued on 31 December 2017 and 31 December 2016 at approximately RMB8,781,200,000 and RMB8,731,350,000, respectively, by DTZ Debenham Tie Leung Limited, independent professionally qualified valuers. Each year, the Groups' management decide to appoint which external valuer to be responsible for the external valuations of the Groups' properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Groups' management have discussions with the valuer on the valuation assumptions and valuation results every year when the valuation is performed for annual financial reporting.

These investment properties are leased to related parties and third parties under operating leases, further summary details of which are included in note 33(a) to the Trust and the Company's consolidated financial statements.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Groups' investment properties:

	Fair value measurement as at 31 December 2017 using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Recurring fair value measurement for:				
Commercial properties	-	-	8,781,200	8,781,200

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

15. Investment Properties (Continued)

Fair value hierarchy (Continued)

	Fair value measurement as at 31 December 2016 using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Recurring fair value measurement for:				
Commercial properties	–	–	8,731,350	8,731,350

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2016: Nil).

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

2017

	Valuation techniques	Significant unobservable inputs	Range (weighted average)
Commercial properties – Jin Mao Tower – Office	Term and reversion method	Term yield Reversionary yield Market rent (per sqm p.a.)	4.50% 5.00% RMB4,092
Commercial properties – Jin Mao Tower – Retail	Term and reversion method	Term yield Reversionary yield Market rent (per sqm p.a.)	4.50% 5.00% RMB9,708
Commercial properties – Jin Mao Tower – Car parks	Term and reversion method	Term yield Reversionary yield Market rent (per unit p.a.)	3.50% 4.00% RMB11,700

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

15. Investment Properties (Continued)

Fair value hierarchy (Continued)

2016

	Valuation techniques	Significant unobservable inputs	Range (weighted average)
Commercial properties – Jin Mao Tower – Office	Term and reversion method	Term yield	4.50%
		Reversionary yield	5.00%
		Market rent (per sqm p.a.)	RMB3,960
Commercial properties – Jin Mao Tower – Retail	Term and reversion method	Term yield	4.50%
		Reversionary yield	5.00%
		Market rent (per sqm p.a.)	RMB9,960
Commercial properties – Jin Mao Tower – Car parks	Term and reversion method	Term yield	3.50%
		Reversionary yield	4.00%
		Market rent (per unit p.a.)	RMB11,700

The term and reversion method measures the fair value of the property by taking into account the rental income derived from the existing leases with due allowance for the reversionary income potential of the leases, which are then capitalised into the value at appropriate rates.

A significant increase (decrease) in the term yield and the reversionary yield in isolation would result in a significant decrease (increase) in the fair value of the investment properties. A significant increase (decrease) in the market rent and the price per square metre would result in a significant increase (decrease) in the fair value of the investment properties.

16. Prepaid Land Lease Payments

	Notes	2017 RMB'000	2016 RMB'000
Carrying amount at 1 January		1,307,029	1,349,262
Additions		9,514	1,747
Recognised during the year	7	(44,109)	(43,980)
Carrying amount at 31 December		1,272,434	1,307,029
Current portion included in prepayments, deposits and other receivables	21	(44,180)	(43,831)
Non-current portion		1,228,254	1,263,198

▲

NOTES TO THE TRUST AND THE COMPANY'S
CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

17. Other Intangible Assets

	Computer software RMB'000	Others RMB'000	Total RMB'000
31 December 2017			
At 1 January 2017:			
Cost	55,385	3,860	59,245
Accumulated amortisation	(42,894)	(1,851)	(44,745)
Net carrying amount	12,491	2,009	14,500
Cost at 1 January 2017, net of accumulated amortisation			
	12,491	2,009	14,500
Additions	4,542	–	4,542
Disposals	–	(1,890)	(1,890)
Amortisation provided during the year	(4,820)	(119)	(4,939)
At 31 December 2017, net of accumulated amortisation	12,213	–	12,213
At 31 December 2017:			
Cost	59,927	–	59,927
Accumulated amortisation	(47,714)	–	(47,714)
Net carrying amount	12,213	–	12,213

	Computer software RMB'000	Others RMB'000	Total RMB'000
31 December 2016			
At 1 January 2016:			
Cost	51,517	3,860	55,377
Accumulated amortisation	(37,509)	(1,693)	(39,202)
Net carrying amount	14,008	2,167	16,175
Cost at 1 January 2016, net of accumulated amortisation			
	14,008	2,167	16,175
Additions	3,868	–	3,868
Amortisation provided during the year	(5,385)	(158)	(5,543)
At 31 December 2016, net of accumulated amortisation	12,491	2,009	14,500
At 31 December 2016:			
Cost	55,385	3,860	59,245
Accumulated amortisation	(42,894)	(1,851)	(44,745)
Net carrying amount	12,491	2,009	14,500

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

18. Investments in Joint Ventures

	2017 RMB'000	2016 RMB'000
Share of net assets	33,865	36,377

The amounts due from/to joint ventures are disclosed in note 22 to the Trust and the Company's consolidated financial statements.

Particulars of the Groups' joint ventures are as follows:

Name	Place of registration and business	Percentage of			Principal activities
		Ownership interest	Voting power	Profit sharing	
上海金茂錦江汽車服務有限公司 Shanghai Jin Mao Jin Jiang Automobile Service Company Limited ("Jin Mao Jin Jiang") #	PRC/Mainland China	50%	57%	50%	Lease of commercial vehicles
上海金茂汽車租賃有限公司 Shanghai Jin Mao Auto Hire Company Limited ("Jin Mao Auto Hire")#	PRC/Mainland China	45%	57%	45%	Lease of commercial vehicles

The names of these companies referred to in the Trust and the Company's consolidated financial statements represent management's best effort at translating the Chinese names of these companies, as no English names have been registered.

Jin Mao Jin Jiang and Jin Mao Auto Hire (collectively, the "Auto Hire Group"), which are indirectly held by the Trust and the Company and are considered as material joint ventures of the Groups, act as the Groups' taxi and car chauffeur service providers in Mainland China and are accounted for using the equity method.

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

18. Investments in Joint Ventures (Continued)

The following tables illustrate the summarised financial information in respect of the Auto Hire Group adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2017 RMB'000	2016 RMB'000
Cash and cash equivalents	6,026	5,920
Other current assets	18,576	22,251
Current assets	24,602	28,171
Non-current assets	59,843	62,957
Financial liabilities, excluding trade and other payables	(10,242)	(8,251)
Other current liabilities	(6,473)	(10,123)
Current liabilities	(16,715)	(18,374)
Net assets	67,730	72,754
Reconciliation to the Groups' interests in the joint ventures:		
Proportion of the Groups' ownership	50%	50%
The Groups' share of net assets of the joint ventures and carrying amount of the investments	33,865	36,377
Revenue	49,890	55,804
Interest income	18	19
Depreciation and amortisation	(12,990)	(17,291)
Interest expenses	(138)	(504)
Tax	(1,801)	(2,466)
Profit and total comprehensive income for the year	5,355	7,365
Dividend received	5,190	5,190

19. Inventories

	2017 RMB'000	2016 RMB'000
Raw materials	3,337	3,474
Hotel merchandise	11,551	12,863
Trading stock	1,682	1,805
	16,570	18,142

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

20. Trade Receivables

	2017 RMB'000	2016 RMB'000
Trade receivables	94,268	77,558
Impairment	(450)	(309)
	93,818	77,249

The Groups' trading terms with certain of the Groups' customers in relation to the provision of hotel and other services are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to three months, extending up to six months for major customers. Each customer has a maximum credit limit.

The Groups seek to maintain strict control over their outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Groups' trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Groups do not hold any collateral or other credit enhancements over their trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	2017 RMB'000	2016 RMB'000
Within 1 month	84,185	72,616
1 to 3 months	4,791	3,850
4 to 6 months	4,410	274
Over 6 months	432	509
	93,818	77,249

The movements in provision for impairment of trade receivables are as follows:

	Note	2017 RMB'000	2016 RMB'000
At 1 January		309	350
Impairment losses recognised/(reversed)	7	141	(41)
At 31 December		450	309

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB450,000 (2016: RMB309,000) with a carrying amount before provision of RMB450,000 (2016: RMB309,000).

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

20. Trade Receivables (Continued)

The individually impaired trade receivables related to customers that were in financial difficulties or were in default.

The ageing analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2017 RMB'000	2016 RMB'000
Neither past due nor impaired	85,743	74,076
Less than 1 month past due	2,881	2,228
1 to 3 months past due	2,640	424
Over 3 months past due	2,554	521
	93,818	77,249

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Groups. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

21. Prepayments, Deposits and Other Receivables

	Note	2017 RMB'000	2016 RMB'000
Prepayments		12,784	13,149
Deposits		8,039	8,188
Other receivables		21,775	20,798
Prepaid land lease payments	16	44,180	43,831
		86,778	85,966

None of the above assets is impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

22. Balances With Related Parties

An analysis of the balances with related parties is as follows:

	2017 RMB'000	2016 RMB'000
Due from related parties:		
Fellow subsidiaries	4,850	7,505
Joint ventures	–	2
An associate of the Groups' ultimate holding company	4	4,565
	4,854	12,072
Due to related parties:		
Immediate holding company	411,992	687,489
Fellow subsidiaries	1,267,922	1,370,738
Joint ventures	4,358	6,341
Joint ventures of immediate holding company	1	1
An associate of the Groups' ultimate holding company	21,369	16,469
	1,705,642	2,081,038

The amounts due from/to related parties are unsecured, interest-free and are repayable on demand.

23. Cash and Cash Equivalents and Restricted Bank Balances

	2017 RMB'000	2016 RMB'000
Cash and bank balances	774,324	674,691
Time deposits	172,896	157,602
	947,220	832,293
Less: Restricted bank balances	(26,908)	(21,984)
Cash and cash equivalents	920,312	810,309

As at 31 December 2017, the cash and bank balances and time deposits of the Groups denominated in RMB amounted to RMB914,477,000 (2016: RMB803,171,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Groups are permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of within one year depending on the immediate cash requirements of the Groups, and earn interest at the respective short term time deposit rates. The bank balances and restricted bank balances are deposited with creditworthy banks with no recent history of default.

As at 31 December 2016, included in the Groups' cash and cash equivalents were deposits of RMB181,000 placed with Sinochem Group Finance Co., Ltd. ("Sinochem Finance", a fellow subsidiary of the Groups), a financial institution approved by the People's Bank of China. During the year ended 2016, the interest rate on these deposits was determined at a rate of 0.35% per annum. Further details of the interest income attributable to the deposits placed with Sinochem Finance are set out in note 35(a) to the Trust and the Company's consolidated financial statements.

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

24. Trade and Bills Payables

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2017 RMB'000	2016 RMB'000
Within 1 year or on demand	81,673	104,679
1 to 2 years	4,770	25,520
Over 2 years	220	220
	86,663	130,419

The trade and bills payables are non-interest-bearing and are normally settled on 60-day terms.

25. Other Payables and Accruals

	2017 RMB'000	2016 RMB'000
Other payables	784,444	775,196
Receipts in advance	107,434	115,410
Accruals	86,688	85,163
	978,566	975,769

Other payables and accruals are non-interest-bearing with an average term of not more than one year.

26. Derivative Financial Instruments

	Liabilities 2017 RMB'000	Liabilities 2016 RMB'000
Forward currency contracts	972	-

Derivative financial instruments of the Groups were conducted with creditworthy banks.

The Groups have entered into various forward currency contracts to manage the Groups' foreign currency risk arising from the net investment in foreign operation. These forward currency contracts are designated as hedging instruments and measured at fair value through profit or loss. Net fair value losses on the hedging instrument of RMB1,459,000 relating to the effective portion of the hedge were recognised in other comprehensive income while fair value gains of RMB487,000 relating to the ineffective portion were recognised in the statement of profit or loss during the year.


**NOTES TO THE TRUST AND THE COMPANY'S
 CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2017

27. Interest-Bearing Bank and Other Borrowings

	2017			2016		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans, unsecured	1.32-4.35	2018	2,619,068	1.32-3.915	2017	1,285,408
Current portion of long-term bank loans, unsecured	LIBOR+1.1	2018	1,631,400	–	–	–
Notes, unsecured	4.65	2018	1,000,000	2.90	2017	1,000,000
Current portion of mid-term notes, unsecured	–	–	–	5.60	2017	1,000,000
			5,250,468			3,285,408
Non-current						
Bank loans, unsecured	HIBOR+1.2, HIBOR+1.4	2019	2,038,164	HIBOR+1.2, HIBOR+1.4, LIBOR+1.1	2018-2019	3,636,741
			2,038,164			3,636,741
			7,288,632			6,922,149

	2017 RMB'000	2016 RMB'000
Analysed into bank loans repayable:		
Within one year	4,250,468	1,285,408
In the second year	2,038,164	1,728,542
In the third to fifth years, inclusive	–	1,908,199
	6,288,632	4,922,149
Analysed into other borrowings repayable:		
Within one year	1,000,000	2,000,000
	1,000,000	2,000,000
	7,288,632	6,922,149

Notes:

- (a) The Groups' loan facilities amounted to RMB11,446,862,000 (2016: RMB11,016,903,000), of which RMB7,288,632,000 (2016: RMB6,922,149,000) had been utilised as at the end of the reporting period.
- (b) Except for the bank and other borrowings amounting to approximately RMB3,087,232,000 (2016: RMB1,728,542,000) and RMB1,631,400,000 (2016: RMB2,443,607,000) which are denominated in United States dollars ("US\$") and HK\$, respectively, all bank and other borrowings are denominated in RMB.

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

28. Deferred Tax

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Revaluation of properties RMB'000	Depreciation allowance in excess of related depreciation RMB'000	Others RMB'000	Total RMB'000
Gross deferred tax liabilities at 1 January 2016	1,375,686	246,412	5,430	1,627,528
Deferred tax charged to the statement of profit or loss during the year (note 11)	79,820	16,378	642	96,840
Gross deferred tax liabilities at 31 December 2016 and 1 January 2017	1,455,506	262,790	6,072	1,724,368
Deferred tax charged to the statement of profit or loss during the year (note 11)	9,697	16,375	2,040	28,112
Gross deferred tax liabilities at 31 December 2017	1,465,203	279,165	8,112	1,752,480

Deferred tax assets

	Losses available for offsetting against future taxable profits RMB'000	Accruals RMB'000	Total RMB'000
Gross deferred tax assets at 1 January 2016	–	14,406	14,406
Deferred tax charged to the statement of profit or loss during the year (note 11)	–	(14,019)	(14,019)
Gross deferred tax assets at 31 December 2016 and 1 January 2017	–	387	387
Deferred tax credited to the statement of profit or loss during the year (note 11)	6,236	(108)	6,128
Gross deferred tax assets at 31 December 2017	6,236	279	6,515

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

28. Deferred Tax (Continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Groups for financial reporting purposes:

	2017 RMB'000	2016 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	6,503	375
Net deferred tax liabilities recognised in the consolidated statement of financial position	(1,752,468)	(1,724,356)
	(1,745,965)	(1,723,981)

As at 31 December 2017, the Groups had tax losses arising in Mainland China of RMB478,700,000 (2016: RMB535,782,000) that would expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Groups, the applicable rate is 5% or 10%. The Groups are therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2017, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Groups' subsidiaries established in Mainland China (2016: Nil). In the opinion of the Directors, the unremitted earnings of the Groups' PRC subsidiaries are expected to be used to fund their operations and capital expenditures and therefore it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised amounted approximately RMB952,696,000 at 31 December 2017 (2016: RMB854,134,000).

There are no income tax consequences attaching to the payment of distributions/dividends by the Trust and the Company to the holders of Share Stapled Units/shareholders.

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

29. Share Capital

Shares

	2017 RMB	2016 RMB
Issued and fully paid:		
2,000,000,000 ordinary shares of HK\$0.0005 each	793,500	793,500
2,000,000,000 preference shares of HK\$0.0005 each	793,500	793,500
	1,587,000	1,587,000

30. Reserves

The amounts of the Groups' reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 120 of the Trust and the Company's consolidated financial statements.

(i) Merger reserve

The merger reserve of the Groups represents the capital contributions from the equity holders of the subsidiaries now comprising the Groups before the completion of the group reorganisation underwent to rationalise the corporate structure of the Trust Group in preparation for the listing of the Share Stapled Units jointly issued by the Trust and the Company.

(ii) Capital reserve

The capital reserve represents the difference between the cost of acquisition and the non-controlling interests acquired in the case of an acquisition of an additional equity interest in a non-wholly-owned subsidiary and the waiver of a payable by a shareholder.

(iii) PRC statutory surplus reserve

Transfers from retained profits to the statutory surplus reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Groups' subsidiaries established in Mainland China and were approved by the boards of directors of the respective subsidiaries.

The statutory surplus reserve can be used to cover previous years' losses, if any, and may be converted into capital in proportion to equity holders' existing equity holding, provided that the balance after such conversion is not less than 25% of the registered capital.

(iv) Asset revaluation reserve

The asset revaluation reserve arose from changes in use from owner-occupied properties to investment properties carried at fair value.

(v) Hedging reserve

The hedging reserve represents the effective portion of hedges of the net investment in foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3.

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

31. Notes to the Consolidated Statement of Cash Flows

Changes in liabilities arising from financing activities

	Bank and other loans RMB'000	Amount due to the immediate holding company RMB'000
At 1 January 2017	6,922,149	471,775
Changes from financing cash flows	647,985	(644,136)
Foreign exchange movement	(281,502)	(21,561)
2016 annual and 2017 interim dividends payable	-	411,926
At 31 December 2017	7,288,632	218,004

32. Contingent Liabilities

As at 31 December 2017, the Groups did not have any significant contingent liabilities (2016: Nil).

33. Operating Lease Arrangements

(a) As lessor

The Groups lease their investment properties (note 15) under operating lease arrangements, with leases negotiated for terms ranging from one to ten years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2017, the Groups had total future minimum lease receivables under non-cancellable operating leases with their tenants falling due as follows:

	2017 RMB'000	2016 RMB'000
Within one year	443,480	475,142
In the second to fifth years, inclusive	633,102	651,319
After five years	79,049	60,174
	1,155,631	1,186,635

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

33. Operating Lease Arrangements (Continued)

(b) As lessee

The Groups lease certain of their office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years.

At 31 December 2017, the Groups had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2017 RMB'000	2016 RMB'000
Within one year	5,845	6,927
In the second to fifth years, inclusive	3,370	3,745
	9,215	10,672

34. Commitments

In addition to the operating lease commitments detailed in note 33(b) above, the Groups had the following capital commitments as at the end of the reporting period:

	2017 RMB'000	2016 RMB'000
Contracted, but not provided for:		
Property, plant and equipment	5,168	1,258

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

35. Related Party Transactions

- (a) In addition to the transactions detailed elsewhere in these Trust and the Company's consolidated financial statements, the Groups had the following material transactions with related parties during the year:

	Notes	2017 RMB'000	2016 RMB'000
Transactions with fellow subsidiaries:			
Decoration services received	(i)	12,276	35,390
Provision of property management services	(i)	13,599	8,443
Rental income	(i)	15,638	36,852
Rental expense	(i)	631	219
Interest income	(ii)	–	1
Commercial property management services received	(iii)	1,274	1,490
Transactions with the immediate holding company:			
Provision of hotel property management services	(iv)	7,750	3,874
Transactions with the associate of the Groups' ultimate holding company:			
Provision of property management services	(i)	2,033	1,719
Rental income	(i)	50,541	49,608

Notes:

- (i) These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.
- (ii) During the year ended 2016, the interest income was determined at a rate of 0.35% per annum.
- (iii) Commercial property management expenses were payable at a fixed percentage of 3% of the annual rental income from the commercial portions of the Groups' properties pursuant to the commercial property management agreement dated 13 June 2014 entered into between Jinmao Investment Management (Shanghai) Co., Ltd. ("China Jinmao (Shanghai)"), a wholly-owned subsidiary of China Jinmao, and China Jin Mao (Group) Co., Ltd. ("China Jin Mao (Group)"), an indirect wholly-owned subsidiary of the Company. The agreement was terminated on 31 December 2016.

Effective from 1 January 2017, commercial property management expenses were payable at a fixed percentage of 3% of the annual rental income from the commercial portions of the Groups' properties pursuant to the commercial property management agreement dated 7 December 2016 entered into between China Jinmao (Shanghai) and China Jin Mao (Group) and the commercial property management agreement dated 7 December 2016 entered into between China Jinmao (Shanghai) and Jinmao (Li Jiang) Hotel Investment Limited Company, an indirect wholly-owned subsidiary of the Company.

Due to the internal business restructuring of China Jinmao, effective from 1 July 2017, China Jinmao (Shanghai) has transferred all its rights and obligations under the commercial property management agreements dated 7 December 2016 to Jinmao Commercial Properties (Shanghai) Company Limited (金茂商業房地產(上海)有限公司), which is also a wholly-owned subsidiary of China Jinmao. All other terms are substantially the same as those in the commercial property management agreements dated 7 December 2016.

- (iv) Pursuant to the hotel property management agreement dated 13 June 2014 entered into between the Company and China Jinmao, the Groups would be entitled to receive the following annual fees for providing certain hotel property management services to China Jinmao: (i) a basic management fee of 0.5% of the total development costs of the relevant hotels of China Jinmao (the "Relevant Hotels"); and (ii) an incentive fee of 4% of the earnings before interest, taxes, depreciation and amortisation of the Relevant Hotels upon the formal opening of the Relevant Hotels. The agreement was terminated on 31 December 2016. On 7 December 2016, the Company entered into the renewed hotel property management agreement with China Jinmao for a period of three years with effect from 1 January 2017 pursuant to which the Group has agreed to provide certain hotel management services in relation to the Relevant Hotels to China Jinmao and its subsidiaries. All other terms are substantially the same as those in the hotel property management agreement dated 13 June 2014.

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

35. Related Party Transactions (Continued)

(b) Outstanding balances with related parties

Details of the Groups' balances with related parties are disclosed in notes 22 to the Trust and the Company's consolidated financial statements.

(c) Compensation of key management personnel of the Groups

	2017 RMB'000	2016 RMB'000
Short term employee benefits	9,318	9,219
Post-employment benefits	712	1,098
Total compensation paid to key management personnel	10,030	10,317

Further details of directors' and the chief executive's emoluments are included in note 9 to the Trust and the Company's consolidated financial statements.

(d) Transactions and balances with other state-owned entities

The Groups are indirectly controlled by the PRC government and operate in an economic environment predominated by entities directly or indirectly owned or controlled by the government through its agencies, affiliates or other organisations (collectively "State-owned Entities" ("SOEs")). During the year, the Groups had some transactions with other SOEs including, but not limited to, borrowings, deposits and the provision of property lease and management services. The Directors consider that these transactions with other SOEs are activities conducted in the ordinary course of business and that the dealings of the Groups have not been significantly or unduly affected by the fact that the Groups and the other SOEs are ultimately controlled or owned by the PRC government. The Groups have also established pricing policies for the Groups' products and services and such pricing policies do not depend on whether or not the customers are SOEs.

A certain portion of these related party transactions in respect of items (i), (iii) and (iv) of (a) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

36. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	Loans and receivables	
	2017	2016
	RMB'000	RMB'000
Trade and bills receivables	93,818	77,249
Financial assets included in prepayments, deposits and other receivables	29,814	28,986
Due from related parties	4,854	12,072
Restricted bank balances	26,908	21,984
Cash and cash equivalents	920,312	810,309
	1,075,706	950,600

Financial liabilities

2017

	Financial liabilities at fair value through profit or loss – held for trading RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade and bills payables	–	86,663	86,663
Financial liabilities included in other payables and accruals	–	784,444	784,444
Derivative financial instruments	972	–	972
Due to related parties	–	1,705,642	1,705,642
Interest-bearing bank and other borrowings	–	7,288,632	7,288,632
	972	9,865,381	9,866,353

2016

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	130,419
Financial liabilities included in other payables and accruals	775,196
Due to related parties	2,081,038
Interest-bearing bank and other borrowings	6,922,149
	9,908,802

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

37. Fair Value and Fair Value Hierarchy of Financial Instruments

The carrying amounts and fair values of the Groups' financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities				
Derivative financial instruments	972	–	972	–
Interest-bearing bank and other borrowings	7,288,632	6,922,149	7,285,223	6,925,679
	7,289,604	6,922,149	7,286,195	6,925,679

Management has assessed that the fair values of cash and cash equivalents, restricted bank balances, trade receivables, financial assets included in prepayments, deposits and other receivables, trade and bills payables, financial liabilities included in other payables and accruals, and amounts due from/to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Groups' finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of interest-bearing bank and other borrowings except for notes have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value of notes is based on quoted market prices. The Groups' own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2017 was assessed to be insignificant.

The Groups enter into derivative financial instruments with counterparties, principally financial institutions with good credit ratings. Derivative financial instruments are measured using present value calculations or similar calculations. The models incorporate market observable inputs including the foreign exchange spot and forward rates.

▲

NOTES TO THE TRUST AND THE COMPANY'S
CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

37. Fair Value and Fair Value Hierarchy of Financial Instruments (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Groups' financial instruments:

Assets measured at fair value:

The Groups did not have any financial assets measured at fair value as at 31 December 2017 (2016: Nil).

As at 31 December 2017

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Derivative financial instruments	–	972	–	972

The Groups did not have any financial liabilities measured at fair value as at 31 December 2016.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2016: Nil).

Assets for which fair value is disclosed:

The Groups did not have any financial assets that were not measured at fair value in the consolidated statement of financial position but for which the fair value is disclosed as at 31 December 2017 (2016: Nil).

Liabilities for which fair value are disclosed:

As at 31 December 2017

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Interest-bearing bank and other borrowings	996,591	6,288,632	–	7,285,223

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

37. Fair Value and Fair Value Hierarchy of Financial Instruments (Continued)

Fair value hierarchy (Continued)

Liabilities for which fair value are disclosed: (Continued)

As at 31 December 2016

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Interest-bearing bank and other borrowings	2,003,530	4,922,149	–	6,925,679

38. Financial Risk Management Objectives and Policies

The Groups' principal financial instruments comprise bank loans and other borrowings and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Groups' operations. The Groups have various other financial assets and liabilities such as trade receivables and payables, which arise directly from the Groups' operations.

The Groups also enter into derivative transactions to manage the foreign currency risk arising from the Groups' net investment in foreign operations.

It is, and has been throughout the year under review, the Groups' policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Groups' financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

38. Financial Risk Management Objectives and Policies (Continued)

Interest rate risk

The Groups' exposure to the risk of changes in market interest rates relates primarily to the Groups' long term debt obligations with floating interest rates.

The Groups' policy is to manage the Groups' interest cost using a mix of fixed and variable rate debts.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Groups' profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000
31 December 2017		
US\$	25	(4,135)
HK\$	25	(5,166)
US\$	(25)	4,135
HK\$	(25)	5,166
31 December 2016		
US\$	25	(4,393)
HK\$	25	(4,850)
US\$	(25)	4,393
HK\$	(25)	4,850



NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

38. Financial Risk Management Objectives and Policies (Continued)

Interest rate risk (Continued)

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the year and had applied the exposure to interest rate risk to those bank and other borrowings in existence at that date. The estimated percentage increase or decrease represents management's assessment of a reasonably possible change in interest rates over the year until the end of the next reporting period.

Foreign currency risk

All of the Groups' turnover and substantially all of the Groups' operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Groups' PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Groups.

Under existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without the prior approval from the State Administration of Foreign Exchange by complying with certain procedural requirements. However, the approval from the appropriate PRC governmental authorities is required where RMB is to be converted into foreign currencies and remitted out of Mainland China to pay capital account items, such as the repayment of bank loans denominated in foreign currencies.

Currently, the Groups' PRC subsidiaries may purchase foreign currencies for settlement of current account transactions, including the payment of dividends, without the prior approval of the State Administration of Foreign Exchange. The Groups' PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require the approval from the State Administration of Foreign Exchange, this could affect the ability of the Groups' subsidiaries to obtain the required foreign currencies through debt or equity financing, including by means of loans or capital contributions.

The Groups' financial assets and liabilities are not subject to foreign currency risk, except for certain cash and cash equivalents and interest-bearing bank and other borrowings denominated in US\$ and HK\$. The fluctuations in the exchange rates of RMB against foreign currencies could affect the Groups' results of operations.

The Groups entered into the derivative financial instruments in respect of the net foreign investment to minimise the foreign currency exposures arising from the Groups' net investment in foreign operations as detailed in note 26 to the Trust and the Company's consolidated financial statements. It's the Groups' policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness. The Groups will constantly review the economic situation and its foreign currency risk profile, and will consider other appropriate hedging measures in future as may be necessary.

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

38. Financial Risk Management Objectives and Policies (Continued)

Foreign currency risk (Continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rate between RMB and US\$ and the exchange rate between HK\$ and US\$ on the Groups' profit before tax for the years ended 31 December 2017 and 2016.

	Increase/ (decrease) in US\$ exchange rate %	Increase/ (decrease) in profit before tax RMB'000
31 December 2017		
If the HK\$ weakens against the US\$	1	(16,922)
If the HK\$ strengthens against the US\$	(1)	16,922
If the RMB weakens against the US\$	5	388
If the RMB strengthens against the US\$	(5)	(388)
31 December 2016		
If the HK\$ weakens against the US\$	1	(16,438)
If the HK\$ strengthens against the US\$	(1)	16,438
If the RMB weakens against the US\$	5	354
If the RMB strengthens against the US\$	(5)	(354)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Groups are exposed to credit risk from the Groups' leasing activities, the provision of hotel and property management services and the Groups' financing activities, including deposits with banks and financial institutions. Credit risk is managed by requiring tenants to pay rentals in advance. Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk as at the end of the reporting period is the carrying value of each class of financial asset.

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

38. Financial Risk Management Objectives and Policies (Continued)

Liquidity risk

The Groups' objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and other interest-bearing loans. In the opinion of the Directors, the Groups are expected to have adequate source of funding to finance and manage the Groups' liquidity position.

The maturity profile of the Groups' financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Within one year or on demand RMB'000	More than one year but less than two years RMB'000	More than two years but less than five years RMB'000	Total RMB'000
31 December 2017				
Interest-bearing bank and other borrowings	5,350,561	2,066,406	–	7,416,967
Trade and bills payables	86,663	–	–	86,663
Other payables	784,444	–	–	784,444
Derivative financial instruments	972	–	–	972
Due to related parties	1,705,642	–	–	1,705,642
	7,928,282	2,066,406	–	9,994,688
	Within one year or on demand RMB'000	More than one year but less than two years RMB'000	More than two years but less than five years RMB'000	Total RMB'000
31 December 2016				
Interest-bearing bank and other borrowings	3,415,164	1,788,222	1,933,240	7,136,626
Trade and bills payables	130,419	–	–	130,419
Other payables	775,196	–	–	775,196
Due to related parties	2,081,038	–	–	2,081,038
	6,401,817	1,788,222	1,933,240	10,123,279

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

38. Financial Risk Management Objectives and Policies (Continued)

Capital management

The primary objectives of the Groups' capital management are to safeguard the Groups' ability to continue as a going concern, so that the Groups can continue to provide returns for shareholders/holders of Share Stapled Units and benefits for other stakeholders, and to provide an adequate return to shareholders/holders of Share Stapled Units by pricing products and services commensurately with the level of risk.

The Groups manage the capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Groups may adjust the dividend/distribution payment to shareholders/holders of Share Stapled Units, issue new Share Stapled Units or sell assets to reduce debt. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2017 and 2016.

The Groups monitor capital on the basis of the debt-to-adjusted-capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings (as shown in the consolidated statement of financial position) less cash and cash equivalents and restricted bank balances. Adjusted capital comprises all components of equity and amounts due to related parties. The Groups aim to maintain the debt-to-adjusted-capital ratio at a reasonable level. The debt-to-adjusted-capital ratios as at the end of the reporting periods were as follows:

	Notes	2017 RMB'000	2016 RMB'000
Interest-bearing bank and other borrowings	27	7,288,632	6,922,149
Less: Cash and cash equivalents	23	(920,312)	(810,309)
Restricted bank balances	23	(26,908)	(21,984)
Net debt		6,341,412	6,089,856
Total equity		6,478,382	6,535,460
Add: Amounts due to related parties	22	1,705,642	2,081,038
Adjusted capital		8,184,024	8,616,498
Debt-to-adjusted-capital ratio		77.5%	70.7%

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

39. Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2017 RMB'000	2016 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	9,025,000	9,025,000
CURRENT ASSETS		
Prepayments, deposits and other receivables	–	32
Due from a subsidiary	496,110	530,903
Restricted bank balances	23,302	18,395
Cash and cash equivalents	1,676	3,191
Total current assets	521,088	552,521
CURRENT LIABILITIES		
Other payables	15,453	11,124
Due to subsidiaries	136,456	1,083
Due to a related party	411,992	687,489
Interest-bearing bank borrowings	2,680,469	535,408
Total current liabilities	3,244,370	1,235,104
NET CURRENT LIABILITIES	(2,723,282)	(682,583)
TOTAL ASSETS LESS CURRENT LIABILITIES	6,301,718	8,342,417
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	2,038,164	3,636,741
Net assets	4,263,554	4,705,676
EQUITY		
Share capital	1,587	1,587
Reserves (note)	4,261,967	4,704,089
Total equity	4,263,554	4,705,676

▲

NOTES TO THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

39. Statement of Financial Position of the Company (Continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium account RMB'000	Accumulated losses RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000
At 1 January 2016	6,021,621	(223,902)	(171,178)	5,626,541
Loss for the year	–	(139,356)	–	(139,356)
Translation of functional currency to presentation currency	–	–	(261,080)	(261,080)
Final 2015 distributions declared	(244,365)	–	–	(244,365)
2016 interim distributions	(277,651)	–	–	(277,651)
At 31 December 2016 and 1 January 2017	5,499,605	(363,258)	(432,258)	4,704,089
Loss for the year	–	(131,782)	–	(131,782)
Translation of functional currency to presentation currency	–	–	308,817	308,817
Final 2016 distributions declared	(282,108)	–	–	(282,108)
2017 interim distributions	(337,049)	–	–	(337,049)
At 31 December 2017	4,880,448	(495,040)	(123,441)	4,261,967

40. Approval of The Trust and The Company's Consolidated Financial Statements

The Trust and the Company's consolidated financial statements were approved and authorised for issue by the Directors on 26 March 2018.



INDEPENDENT AUDITOR'S REPORT



Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

安永會計師事務所
香港中環添美道1號
中信大廈22樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Independent auditor's report

To the sole member of Jinmao (China) Investments Manager Limited

(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Jinmao (China) Investments Manager Limited (the "Company") set out on pages 202 to 210, which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▲ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▲ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▲ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▲ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▲ Evaluate the overall presentation, structure and content of the Company's financial statements, including the disclosures, and whether the Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the financial statements (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Certified Public Accountants

Hong Kong

26 March 2018

▲

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2017

	2017 HK\$	2016 HK\$
Administrative expenses	(46,305)	(56,655)
Less: Amount borne by a fellow subsidiary	46,305	56,655
PROFIT OR LOSS BEFORE TAX	-	-
Income tax expense	-	-
PROFIT OR LOSS FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-



STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	2017 HK\$	2016 HK\$
CURRENT ASSET		
Due from the immediate holding company	1	1
Net asset	1	1
EQUITY		
Share capital	1	1
Total equity	1	1

Li Congrui
Director

Tang Yong
Director



STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

	Share capital HK\$	Total equity HK\$
At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	1	1

STATEMENT OF CASH FLOWS

Year ended 31 December 2017

	2017 HK\$	2016 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Trust distributable income received in a capacity as trustee-manager	715,600,000	788,200,000
Trust distributable income paid in a capacity as trustee-manager	(715,600,000)	(788,200,000)
Net cash flows used in operating activities	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR AND AT END OF YEAR		
	-	-
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	-	-



NOTES TO FINANCIAL STATEMENTS

31 December 2017

1. Corporate Information

Jinmao (China) Investments Manager Limited (the “Company”) is a limited liability company incorporated in Hong Kong on 20 March 2014. The registered office of the Company is located at Rooms 4702-03, 47th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong.

In the opinion of the directors of the Company (the “Directors”), China Jinmao Holdings Group Limited (“China Jinmao”), a company incorporated in Hong Kong and listed on the Main Board of The Stock Exchange of Hong Kong Limited, is the immediate holding company of the Company, and the ultimate holding company of the Company is Sinochem Group Co., Limited, a company established in the People’s Republic of China (the “PRC”) and is a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission in the PRC.

The principal activity of the Company is administering Jinmao Hotel (the “Trust”), in its capacity as trustee-manager of the Trust.

2.1 Basis of Preparation

The Company’s financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. The Company’s financial statements have been prepared under the historical cost convention. The Company’s financial statements are presented in Hong Kong dollars (“HK\$”) except when otherwise indicated.

2.2 Changes in Accounting Policies and Disclosures

The Company has adopted the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKAS 7
Amendments to HKAS 12
Amendments to HKFRS 12
*included in Annual
Improvements to HKFRS
2014-2016 Cycle*

*Disclosure Initiative
Recognition of Deferred Tax Assets for Unrealised Losses
Disclosure of Interests in Other Entities: Clarification of the Scope
of HKFRS 12*



NOTES TO FINANCIAL STATEMENTS

31 December 2017

2.2 Changes in Accounting Policies and Disclosures (Continued)

The nature and the impact of the amendments are described below:

- (a) Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments have had no significant impact on the Company's financial statements.
- (b) Amendments to HKAS 12 clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments have had no significant impact on the Company's financial statements.

2.3 Issued But Not Yet Effective Hong Kong Financial Reporting Standards

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Company's financial statements.

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions¹</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts¹</i>
HKFRS 9	<i>Financial Instruments¹</i>
Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation²</i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
HKFRS 15	<i>Revenue from Contracts with Customers¹</i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers¹</i>
HKFRS 16	<i>Leases²</i>
HKFRS 17	<i>Insurance Contracts³</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures²</i>
Amendments to HKAS 40	<i>Transfers of Investment Property¹</i>
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration¹</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments²</i>
<i>Annual Improvements 2014-2016 Cycle</i>	<i>Amendments to HKFRS 1 and HKAS 28¹</i>

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

³ Effective for annual periods beginning on or after 1 January 2020

⁴ No mandatory effective date yet determined but available for adoption



NOTES TO FINANCIAL STATEMENTS

31 December 2017

2.3 Issued But Not Yet Effective Hong Kong Financial Reporting Standards (Continued)

Further information about those HKFRSs that are expected to be applicable to the Company is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, which reflects all phases of the financial instruments project and replaces HKAS 39 and all previous versions of HKFRS 9. Under HKFRS 9, a debt instrument is measured at amortised cost if the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. In addition, the standard requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Company will apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade receivables. Furthermore, the Company will apply the general approach and record twelve-month expected credit losses that are estimated based on the possible default events on its other receivables within the next twelve months.

The Company does not expect that the adoption of HKFRS 9 will have a significant impact on the Company's overall financial performance and financial position upon initial application. Moreover, the Company will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade and other receivables upon the adoption of HKFRS 9.

The HKICPA issued amendments to HKAS 40 in April 2017 which clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with HKAS 8 is only permitted if it is possible without the use of hindsight. The Company will adopt the amendments from 1 January 2018. However, since the Company's current practice is in line with the clarifications issued, the Company does not expect any effect on its financial statements.



NOTES TO FINANCIAL STATEMENTS

31 December 2017

3. Summary of Significant Accounting Policies

Related parties

A party is considered to be related to the Company if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Company are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Company are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.



NOTES TO FINANCIAL STATEMENTS

31 December 2017

3. Summary of Significant Accounting Policies (Continued)

Financial instruments

Financial assets

The Company's financial asset includes an amount due from the immediate holding company and is classified and accounted for as loans and receivables. Financial assets are recognised on the trade date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. Any changes in their value are recognised in profit or loss.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

An assessment of impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment loss on loans and receivables is recognised when there is objective evidence that the Company will not be able to collect all the amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

4. Share Capital

At the time of incorporation, 1 ordinary share of the Company was issued.

5. Income Tax

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the year.

6. Related Party Transactions

Transactions with a fellow subsidiary are disclosed in the statement of profit or loss and other comprehensive income.

In the opinion of the directors, the directors represented the key management personnel of the Company. During the year, no compensation was paid to the key management personnel.

7. Fair Value and Fair Value Hierarchy of Financial Instrument

As at 31 December 2017 and 2016, the carrying amount of the Company's financial instrument approximated to its fair value.

8. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the Directors on 26 March 2018.

FIVE-YEAR FINANCIAL INFORMATION

31 December 2017

I. Major Information of Statements of Profit or Loss

	2013	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Restated)	(Restated)	(Restated)		
RESULTS					
Revenue	2,104,467	2,186,527	2,390,261	2,450,751	2,595,448
Cost of sales	(884,373)	(956,435)	(1,050,586)	(1,065,969)	(1,109,683)
Gross profit	1,220,094	1,230,092	1,339,675	1,384,782	1,485,765
Other income and gains	64,583	33,595	126,583	51,356	22,135
Fair value gains on investment properties	673,577	1,061,040	314,120	319,281	38,786
Selling and marketing expenses	(126,862)	(211,286)	(140,298)	(145,442)	(152,350)
Administrative expenses	(472,156)	(710,280)	(645,819)	(702,051)	(742,959)
Other expenses and losses, net	(1,768)	73	(2,407)	(542)	(4,379)
Net gain on hedge of net investment	–	–	–	–	487
Finance costs	(266,696)	(296,472)	(337,672)	(319,860)	(280,651)
Share of profits of joint ventures	1,832	2,518	3,265	3,682	2,678
PROFIT BEFORE TAX	1,092,604	1,109,280	657,447	591,206	369,512
Income tax expense	(282,990)	(390,948)	(221,349)	(216,580)	(149,569)
PROFIT FOR THE YEAR	809,614	718,332	436,098	374,626	219,943
Attributable to:					
Owners of the parent	809,614	718,332	436,098	374,626	219,943
Non-controlling interests	–	–	–	–	–
	809,614	718,332	436,098	374,626	219,943

II. Major Information of Financial Position

	2013	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Restated)	(Restated)	(Restated)		
Total non-current assets	14,717,730	16,785,625	17,229,327	17,381,497	17,179,095
Total current assets	1,408,219	1,075,186	993,992	1,025,722	1,149,240
Total assets	16,125,949	17,860,811	18,223,319	18,407,219	18,328,335
Total current liabilities	3,855,437	4,316,225	4,606,201	6,510,662	8,059,321
Total non-current liabilities	2,890,327	6,360,801	6,639,533	5,361,097	3,790,632
Total liabilities	6,745,764	10,677,026	11,245,734	11,871,759	11,849,953
Equity attributable to:					
Owners of the parent	9,380,185	7,183,785	6,977,585	6,535,460	6,478,382
Total equity	9,380,185	7,183,785	6,977,585	6,535,460	6,478,382



ENVIRONMENTAL
SOCIAL AND
GOVERNANCE
REPORT







ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About This Report

This report is the environmental, social and governance report publicly released by Jinmao (China) Hotel Investments and Management Limited, mainly introducing the Company's values on responsibility, management, practices, and performance in the economic, environmental, and social aspects.

Range of Period

This report covers a period from January to December 2017.

Frequency of publication

This report is an annual report.

Scope of Reporting

This report covers Jinmao (China) Hotel Investments and Management Limited and its subsidiaries. For the details of the entities included in the issuer group and their relevant businesses please refer to the section of "Management Discussion and Analysis". Content involving only certain or some subsidiaries will be specified accordingly.

Basis of Preparation

This report was prepared in accordance with the ESG Reporting Guide of Appendix 27 of the Listing Rules, Sustainability Reporting Guidelines (G4) of the Global Reporting Initiative (GRI), and the National Standards of the PRC GB/T 36000-2015: Guidance on social responsibility.

Sources of Information

The information and data disclosed in this report all come from the relevant internal statistical reports, company documents and reports, third-party investigations, and statistics of Jinmao (China) Hotel Investments and Management Limited.

Description of references

For the purpose of presentation, "Jinmao (China) Hotel Investments and Management Limited" in this report is referred to as "Jinmao Hotel", "the Company", "we" or "us".

Compliance with the ESG Reporting Guide

For the year ended 31 December 2017, except for those disclosed in Section 4 "Green Development" of this report, Jinmao Hotel (through the Trustee-Manager) and the Company had been in compliance with the applicable code provisions as set out in the ESG Reporting Guide in Appendix 27 to the Listing Rules and adopted recommended disclosures set out in the ESG Reporting Guide if applicable. For more information, please see the ESG Index at the end of this report.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. Stable Operations

Jinmao Hotel adheres to the ideal of “pursuit of excellence” and pursuit to realize the max comprehensive value of the Company and stakeholders, through the healthy and good corporate governance, professional lean operations and green development methods.

Jinmao Hotel continues to promote strategic dialogues within the industry and enhance our brand influence and reputation. In 2017, the Company deeply participated in Asia Hotel Forum and Global Forum of China’s Hotels (top forums of the industry) and won several awards of “China Hotel Starlight Awards” and “China Hotel Golden Horse Awards”, which are two industry heavyweight festivals.

▲ Strict business ethics

ESG Indicators: B7 General Disclosure; B7.1; B7.2

Jinmao Hotel strictly complied with the codes of business ethics and strengthened disciplinary inspection and supervision to build a sunshine enterprise and to ensure various operational and managerial activities of the Company are carried out and implemented in a fair, just, open, and honest manner. Through honest practice warning and education and signing the “home-participation agreement” and the “sunshine agreement”, the Company strengthened the awareness of honesty in practicing of the staff at key positions. In addition, the Company continued to improve the discipline regulation mechanism and report channels and established the veto mechanism for the assessment of honesty risks. In 2017, the Company conducted 5 demonstrative education on alerting of honesty issues. There was no personnel of the Company involved in corruption. Jinmao Hotel has no non-compliance incidents related to bribery, extortion, fraud, and money laundering which is of significant impact.

▲ Emphasis on privacy protection

ESG Indicators: B6.5

Jinmao Hotel attaches great importance to customer information and data security, strictly controls staff who have access to data, sets different levels of data access permissions and constantly enhances the awareness of privacy protection of our employees through regular training. Meanwhile, the Company also actively cooperates with business partners to strengthen data security of external network devices through technical means. In 2017, the Company did not have any material customer information leakage.

▲ Intellectual property rights protection

ESG Indicators: B6.3

The Company values the use and maintenance of brand image and pays attention to intellectual property rights protection in accordance with the relevant national regulations. In 2017, the Company strictly complied with the provisions of the management agreements in the use of the hotel brands. There have been no disputes concerning intellectual property rights in 2017.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

▲ Responsibility governance

The Company upholds the social responsibility concepts of “creating values for the shareholders, building high quality for the customers, contributing a green civilization for the environment, working together with employees, smoothing the path of win-win for the partners and building a harmonious community”, continues to promote the integration of social responsibility management with day-to-day operations, strengthens the communication and interaction between the Company and stakeholders, in order to achieve a sustainable development for the Company and all stakeholders.



Corporate Social Responsibility Model



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2. Quality Service

Jinmao Hotel always adheres to the service concept of “customer as the center and quality as the core” and always pays attention to the customers’ experience and feelings, constantly improving the service level, enriching the service experience and working hard to create a high-end experience to make customers feel at home.

2.1 Improving service quality

The Company establishes a quality management system and strictly carries out various tasks in accordance with the requirements of the system, providing customers with high-quality property services and ensuring that the quality of services meets customers’ needs. In 2017, we conducted an internal quality audit for the tourism business of the observation deck on the 88th floor of Jin Mao Tower to continuously enhance the quality management capabilities of the Company and customer satisfaction. On 11 January 2018, we obtained the quality management system certification in line with GB/T 19001-2016/ISO 9001:2015.

▲ *Property management*

ESG Indicators: B6.4

Shanghai Property Management has inherited five-star service experiences from years of operations, providing customized property services for each owner, creating and maintaining a safe, comfortable and harmonious environment and atmosphere for residents.

The Company conducts inspections on office buildings through daily and weekly inspections and night inspections and maintains building facilities and equipment on a regular basis to ensure their good operation. Meanwhile, we attach great importance to maintaining and continuously improving the environment of the public areas and creating a comfortable and healthy working atmosphere for our customers. In 2017, with the changes of major customers, the Company completed the standardized floor transformation of five floors, further explored the feasibility of lifting ceilings and improved the quality of office buildings, in order to provide customers with a more humane working experience.

▲ *Customer activity*

The business divisions of Jinmao Hotel actively cooperate with each other to provide tenants with package solutions such as hotels, conferences, sightseeing, office buildings, and property services according to the individual needs of customers, in order to provide tenants with efficient and convenient services.

In 2017, based on Jinmao community platform, the Company launched various customer activities such as “Thank You for Walking Together”, “Parent-child Sports Games of Jinmao Health Week”, “Shanghai International Tower Running Grand Prix Final, Jinmao Tower” and “2017 Top Singers Championship”, promoting green, healthy and harmonious life concepts to the tenants, which received praise from customers and communities.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

▲ *Satisfaction management*

ESG Indicators: B6.2

The Company attaches great importance to the feedbacks from various kinds of customers on our service products, actively conducts satisfaction surveys, consolidates the key points of customer satisfaction and maintains our advantages, as well as promptly implementing corrective measures on the unsatisfactory items proposed by customers.

Jinmao Hotel continues to improve its service quality and is committed to creating a service brand with “zero complaint”. For customer complaints related to our office buildings, we promise to respond within 1 hour after receiving such complaint and complete the handling of such complaint within 8 hours (except for special and major complaints). For invalid complaints or the invalid content in the complaints, we provide the customers with explanations and obtain their understandings; for valid content in the complaints, we pass such content to the relevant department to follow and handle.

Shanghai Property Management conducts customer satisfaction surveys and engages third parties to conduct customer satisfaction surveys annually, in order to fully understand the perceptions and evaluations of customers on our buildings and property service.



96
2015



98
2016



99
2017

Customer satisfaction surveys conducted by third parties

We have conducted annual customer satisfaction surveys on the observation deck on the 88th floor of Jin Mao Tower for 12 consecutive years to understand the true needs of customers, receive customer feedbacks and improve our service on the observation deck. In 2017, the satisfaction rate of customer satisfaction survey for the observation deck reached 93.5%. We also established a close cooperation with 12301, the Complaint Hotline of Shanghai Municipal Tourism Administration. In 2017, we received zero complaint from Shanghai Municipal Tourism Administration.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The customer satisfaction data for each hotel of the Company collected from open tourism e-commerce platforms is set out as follows:

2017 customer satisfaction (Intra-group and inter-year comparison)

Hotel	2017		2016	
	Number of reviews	% of positive reviews	Number of reviews	% of positive reviews
Grand Hyatt Shanghai	8,786	78%	7,450	80%
Hilton Sanya Yalong Bay Resort & Spa	7,002	79%	5,081	79%
The Ritz-Carlton Sanya, Yalong Bay	5,199	84%	4,921	84%
The Westin Beijing Chaoyang	3,267	85%	3,131	85%
JW Marriott Hotel Shenzhen	3,145	85%	2,175	83%
Hyatt Regency Chongming	1,917	78%	1,695	78%
Renaissance Beijing Wangfujing Hotel	4,415	84%	4,313	86%
Grand Hyatt Lijiang	1,488	86%	1,089	86%

2.2 Innovative service products

Jinmao Hotel always adheres to the concept of “innovation, integration and collaboration”. Through continuous innovations of product, service and system, we practice the brand value, upgrade the customer experience and strive to become the discoverer and creator of new value in the industry. In 2017, we established a one-stop customer service center in Jinmao Tower to continuously improve the structure and functions of the customer service system; we introduced the “Love shuttles” service to help the customers solve the commute congestion problems; we also introduced online payment tools such WeChat and Alipay at the parking garages, which greatly enhances the efficiency of vehicle exits.

In 2017, we established direct channel operations such as WeChat Official Ticketing and Qunar Ticketing for the tourism business in Jin Mao Tower. At present, our tourism business has covered all major e-commerce channels, offering customers with convenient services. We has launched Jin Mao Skywalk, which is the highest excursion service on the outdoor skywalks at one of the highest buildings in the world. The tourist could experience Shanghai’s urban charm from an unprecedented perspective. In August, we collaborated with SASAC News, the official WeChat account of State Owned Assets Supervision and Administration Commission, and invited 10 customers to experience Jin Mao Skywalk for free, which received a great deal of positive reviews.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2.3 Protecting customers' security

ESG Indicators: B6 General Disclosure

Jinmao Hotel regards the protection of the health and safety of hotel and office customers as our incumbent responsibility. The Company supplemented and improved the indicators of the *Management Guidelines and Rating Methods of HSE Standard of Jinmao Hotel*, adding 46 new indicators. The Company organized annual safety inspection works and carried out HSE risk identification works according to the new standards. We identified a total of 630 risk points with a control rate of 100%. In 2017, the Company independently researched and developed the Investigation and Inspection of Hidden Trouble of Jinmao Hotel APP, which was functions such as investigation and inspection of hidden trouble, reporting, handling, analysis and rewarding. Such APP is now fully put into use. In 2017, various departments of the Company carried out 126 emergency drills for scenarios including people trapped in the elevators, anti-terrorist attacks, customer drowning, falling, typhoon and flood prevention and full evacuation, with more than 6,400 people participating. In 2017, Jinmao Hotel did not have any incidents related to the health and safety of products and services, advertisements, labels, and privacy issues which had a significant impact.

All major public areas of the Company's hotels are equipped with advanced CCTV and video recording facilities, which are closely monitored by professionally trained security personnel all day. The Company established an emergency handling team in accordance with the *Management Systems of Incidents and Accidents of Jimmao Operating Hotels*, in order to handle all kinds of emergencies around the clock, aiming to provide the customers with the most safe and comfortable services. In 2017, we collaborated with the government and successfully completed the mission of hotel security and reception. During major political events such as the Belt and Road Forum, the 19th Communist Party of China National Congress and Pan-Pearl River Delta Regional Co-operation and Development Forum and Trade Fair (PPRD Forum), the hotels under the Company all actively cooperated with various security measures and achieved high-quality receptions, which were recognized and praised by government departments.

The Company launched a new outdoor skywalk tourism service in 2017, which strictly complied with *the Operation Standards of Jin Mao Skywalk*. We carried out daily, weekly and monthly inspections and service skill training on a regular basis which comprehensively improved the level of services for our project operations. The operation team of Jin Mao Skywalk was awarded honorary titles such as "Model Post of Safe Production for Young People of China Jinmao" and "Supervision Post of Safe Production for Young People of China Jinmao" by the parent company.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. Responsible Sourcing

The Company ensures the quality of products and services from the sources and pays high attention to supplier management. We regard responsible suppliers as members of our community with common goal in the same industry value chain and strives to improve suppliers' management standards of the environment, health and safety.

3.1 Supply chain responsibility

ESG Indicators: B5 General Disclosure; B5.2

Each hotel under Jinmao Hotel is entrusted to different hotel management groups for management. The day-to-day procurement business is conducted by its own purchasing department, which strictly complies with the relevant requirements on procurement of the Company, in order to ensure that the procurement of raw materials is in compliance with the national standards of environment and safety. According to the requirements of the Company, suppliers involved with products such as rubber products, refrigeration equipment, and food-related products are required to provide Industrial Production Permit (including hygiene license) and each professional supplier is required to provide various professional qualification certificates.

The Company developed a supply chain management platform based on the characteristics of our own supply chain management, through which we are connected to the procurement systems of the management groups of each hotel, such as Hyatt group, Marriott Group, Starwood Group, and Hilton Group. Through data exchange and sharing, we share suppliers and procurement information among the hotel management groups and procurement managers, and conduct online inquiry, quotation and pricing to establish a central database of procurement information, which would make the Supply Chain Management Platform of Jinmao Hotel become a supplier management center, a procurement pricing center and a procurement information center, which in turn enable us to enjoy the scale advantage in procurement and increase procurement efficiency.

Adhering to the concept of continuously improving cost control and core technical abilities, in 2017, the Company officially launched the new Supply Chain Management Platform of Jinmao with self-owned intellectual property rights. Under the premise of fully inheriting the original functions, it further innovates and greatly optimizes the functions, making the platform more expandable and providing strong support for light asset output of the Company.

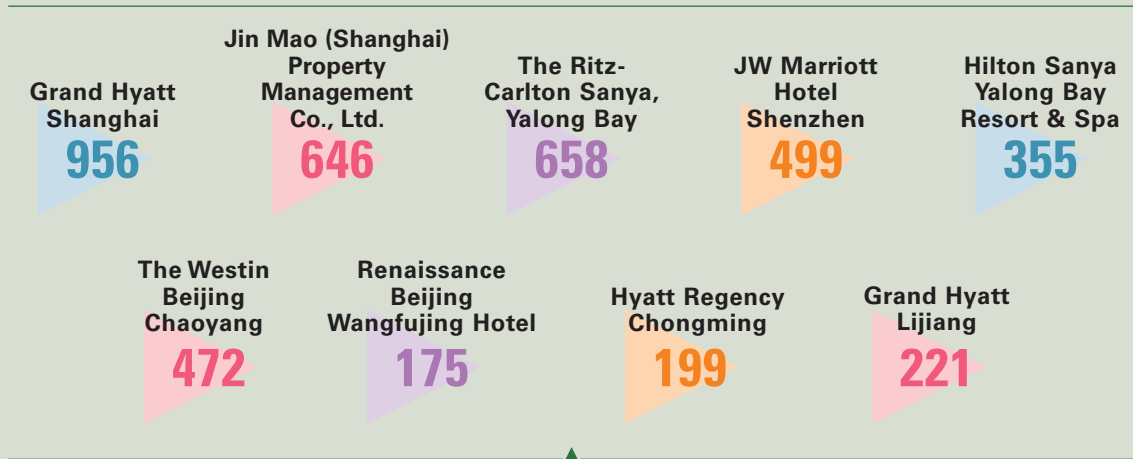
Since 2010, our supply chain has successively launched centralized procurement of toilet paper, cleaning supplies and equipment, wine, spirits and champagne, room linen and other categories. In 2017, we reduced procurement cost by RMB1.91 million through centralized procurement.

3.2 Supplier management

ESG Indicators: B5 General Disclosure; B5.1

The Group supervises and manages the environmental and social risks of construction contractors and suppliers of building materials. According to *the Management Standards of HSE of Jinmao Group* issued by the HSE Management Department of Sinochem Group, we shall strictly manage matters such as the protection of workers at the project site, working hours limitations and the prohibition of child labor and we shall strictly examine the safety of project sites, personnel information and special work qualification before we start the construction.

Suppliers distribution of Jinmao Hotel



Note: Some suppliers may be engaged by two or more hotels.





ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4. Green Development

The daily operation of the tourism and hotel industries have an important impact on the ecological environment. The Company implements the spirit of “lucid waters and lush mountains are invaluable assets” and we are committed to integrating the concept of environmental protection into our development and we actively concern the impact of our development on the environment. The Company builds green hotel projects, promotes energy-saving reforms in various projects and promotes the efficient use of resources, and strives to achieve the goal of energy conservation and emission reduction. In addition, we also actively participate in and carry out green public welfare projects, promote the concept of green environment and promote sustainable development for the society.

4.1 Controlling emissions

ESG Indicators: A1 General Disclosure; A1.1; A1.2; A1.3; A1.4; A1.5; A1.6

In 2017, Jinmao Hotel implemented 25 specific control measures and requirements for environmental protection, which provide rules to follow for the management of dealing with waste gas, waste water and hazardous waste after fully considering our responsibilities and requirements regarding environmental protection, with the sustainable development management standards of each hotel project management company. The Company stipulates that the waste gas emissions and the greenhouse gases generated from its hotels must meet the emission standards of local governments; wastewater discharge must meet the relevant requirements of local governments, part of which is used for reclaimed water irrigation and water for sanitation sites. In 2017, the Company had no non-compliance incidents related to environmental protection that had a significant impact.

The waste gas emissions from hotels of the Company mainly involve particulates, sulfur dioxide and nitrogen oxides from boiler combustion. Among the hotels under operation, the Westin Beijing Chaoyang has ensured the compliance with the industry’s latest emission standards for the pollutant emission from boiler combustion via a series of upgrade programs for boiler technologies. (A1.1)

In terms of waste disposal, each hotel cooperates with the garbage disposal companies designated by the local sanitation bureau to recycle non-hazardous waste. Taking the Hyatt Group as an example, each hotel is equipped with a garbage collection area, which is dedicated to collecting, separating and storing recyclables including paper, corrugated cardboard, glass, plastics and metals. As the third-party garbage recycle companies of each hotel have different standards for the disposal of construction garbage, food waste and garden garbage, and the measurement units are not unified, so non-hazardous waste has not yet been included in the information notification and performance assessment mechanism between Jinmao Hotel and each hotel. Therefore, we did not conduct statistical surveys for the total amount of non-hazardous waste in 2017. In 2018, the Company will formulate a unified statistical method for non-hazardous waste recycling and disposal in conjunction with the actual conditions of each hotel, in order to achieve the supervision and management of non-hazardous waste recycling. (A1.4)

For hazardous wastes, the Company reviews the monitoring certificate during the preliminary material audit, eliminates the generation of hazardous waste from the source and transfers the hazardous waste generated during the hotel operation to professional processing units approved by the government during the post-processing. (A1.6)

▲

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Emission performance of 2017

ESG Indicators		Content	Unit	2017	2016
A1.1	The types of emissions and respective emissions data	Nitrogen oxides	Tonnes	0.356	0.387
		Sulfur oxides	Tonnes	0.059	0.065
		Particulates	Tonnes	0.119	0.129
A1.2	Greenhouse gas emissions in total and intensity	Direct emissions	Tonnes of CO ₂	19,164.9160	20,863.1890
			Tonnes of CO ₂ /m ²	0.0196	0.0213
		Indirect emissions	Tonnes of CO ₂	100,706.5418	101,249.9948
			Tonnes of CO ₂ /m ²	0.1027	0.1033
		Total carbon dioxide emissions equivalent	Tonnes of CO ₂	119,871.4578	122,113.1838
		Tonnes of CO ₂ /m ²	0.1223	0.1246	
A1.3	Total hazardous waste produced and intensity	Waste batteries and other electronic waste	Kilogram	85	/
		Waste lamp and bulb	Kilogram	135	/
		Oil and lubricants	Kilogram	300	/
		Paints	Kilogram	280	/
		Waste printer supplies	Piece	343 (approximately 525 kilograms)	/
		Total hazardous waste emissions	Kilogram	1,325	/
		Hazardous waste emissions intensity	Kilogram/m ²	0.0014	/
A1.5	Emission reduction and results achieved.	The changes of carbon dioxide emissions as compared to the previous year	Tonnes	(2,241.726)	/
		Waste water disposal	Tonnes	1,624,322	1,636,846
		The changes of waste water disposal as compared to the previous year	Tonnes	(12,524)	/



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Notes:

1. The types of emissions and emission coefficient are calculated mainly based on the volume of natural gas used. The calculation coefficients were adopted from the article *Generation Coefficient of Coal, Natural Gas Combustion* written by Li Xianrui, Han Youpeng and Zhao Zhenhong;
2. In greenhouse gas emissions, the conversion coefficient of standard coal and carbon dioxide was adopted from the article of *Calculation of Standard Coal Co₂ Emissions* written by Yu Tuhua and Liu Cuijie. Among them, direct emissions are calculated mainly based on the use volume of natural gas. The natural gas and standard coal conversion coefficient is taken from the mean value of multiple types of natural gas coefficients in the *Comprehensive Energy Consumption Calculation Principles GBT2589-2008*; indirect emissions are calculated mainly based on the consumed heat and purchased power consumption. The thermal conversion coefficient of standard coal is taken from *Comprehensive Energy Consumption Calculation Principle GBT2589-2008*. The power factor coefficient is derived from the mean value of China Regional Grid Baseline Emission Factors determined by the National Development and Reform Commission in response to the research of Climate Change Division in 2016;
3. Hazardous waste was counted for the first year in 2017 so there is no data of 2016;
4. The changes of carbon dioxide emissions is calculated based on the difference between the total amount of carbon dioxide emissions in 2016 and 2017;
5. The changes of waste water disposal is calculated based on the difference between the total amount of waste water disposal in 2016 and 2017.

4.2 Use of Resources

ESG Indicators: A2 General Disclosure; A2.1; A2.2; A2.3; A2.4; A2.5; A3 General Disclosure; A3.1

The Company has issued the *Guidance on Energy Design* for hotel development projects and the *Energy Management Guidelines* for our quality system. Based on the above, the Company has determined to set strengthening energy management and the path to sustainable development as its guiding direction, and to evaluate the investment income of operating projects. In the assessment, the Company comprehensively considers the local climate, weather conditions and energy management level and adopts more mature energy-saving technologies to effectively control the use of resources for projects which are over-consumed and have poor efficiency. In 2017, the Company launched a number of energy-saving technological reforms to achieve effective use of energy and to reduce resource consumption.



Jin Mao Tower won the “Gold Award” in the “Evaluation of Green Updates and Improvements of Shanghai’s Existing Buildings in 2016” hosted by the 2017 Shanghai Green Building International Forum

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Energy-saving reforms of hotels of the Company

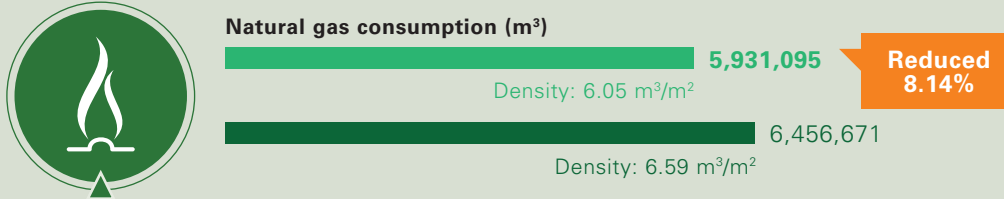
Category	ESG Indicators	Hotel project	Content of transformation	Energy consumption efficiency and results achieved
Reduced power consumption and improved efficiency	A2.3	Grand Hyatt Shanghai	Replacing 2 heat exchange coils	Improved the efficiency of heat exchange and reduce electricity consumption
			Replacing 25 VAV blower motors	Improved the efficiency of air conditioners and reduce electricity consumption
			Replacing 2 cold storage compressor units	Improved the efficiency of the cooling compressors and reduce electricity consumption
			Replacing fan coil for 20 guest rooms	Improved the efficiency of the air-conditioners and reduce electricity consumption
		Grand Hyatt Lijiang	Changing the lighting in the basement to LED	Increased service life and reduce electricity consumption
		Hyatt Regency Chongming	Changing the lighting in the fire-fighting staircase to energy-saving lamps and installing voice controls	Reduced power consumption during idle time
		JW Marriott Hotel Shenzhen	Replacing 30 gold halogen lamps with LED energy-saving lamps	Increased service life and reduce electricity consumption
			Transforming the original MR16 spotlights into LED energy-saving light sources	Increased service life and reduce electricity consumption
			Transforming the original T5 lamp (3000 units) into LED energy-saving light source	Increased service life and reduce electricity consumption
			Transforming the original MR11 spotlights into LED energy-saving light sources	Increased service life and reduce electricity consumption
			Installing frequency converters (with access to BA system) for 4 air conditioning cabinets (guest rooms, executive lounge)	Improved air conditioning efficiency and reduce electricity consumption
			Installing frequency converters for 3 units of cooling towers	Improved the efficiency of the cooling towers and reduce electricity consumption
			Installing 4 frequency converters for cooling pump and freezing pump	Improved the efficiency of the pumps and reduce electricity consumption
		Installing energy-saving devices (mobopower) for cold storage	Improved the efficiency of the cold storage and reduce electricity consumption	
		Hilton Sanya Yalong Bay Resort & Spa	Changing the lighting in public areas to energy-saving lamps	Increased service life and reduce electricity consumption
The Ritz-Carlton Sanya, Yalong Bay	Installing frequency conversion analysis and control devices for the air conditioning mainframe	Improved the efficiency of air conditioners and reduce electricity consumption		

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

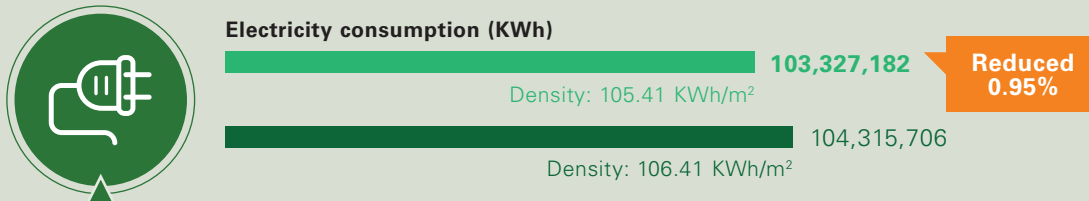
Category	ESG Indicators	Hotel project	Content of transformation	Energy consumption efficiency and results achieved
Reduced heat energy consumption and improved efficiency	A2.3	Grand Hyatt Shanghai	Upgrading hot water exchange tank controller	Improved the controller accuracy and reduce waste due to over-temperature phenomena
			Replacing kitchen refrigerator doors	Reduced the loss of cooling source for the cold storage
		Grand Hyatt Lijiang	Renovating heating system of guest rooms	Renovated the air conditioning communication valves in 4 equipment yards of guest rooms in the urban areas and replacing boilers with heat pump units during period of season change
			Renovating hot water of guest rooms	Installed hot water storage tanks in the existing boiler system of guest rooms to reduce the frequent startup of boilers and reduce unnecessary power loss
		Hyatt Regency Chongming	Installing glass partition and automatic sliding doors in the lobby	Reduced the loss of cold air and heat from air-conditioners
			Recycling of condensate from steam boiler	Improved the use efficiency of the heat energy of steam boilers
		JW Marriott Hotel Shenzhen	Transforming Chinese style frying furnace for saving energy	Reduced natural gas consumption
		Hilton Sanya Yalong Bay Resort & Spa	Replacing all frying furnace burners with energy-saving burners	Reduced natural gas consumption
Changing to energy-saving refrigerating pumps and installing inverters	Improved the efficiency of the pumps and reduce electricity consumption			
Reduced water consumption and improved efficiency	A2.4	Grand Hyatt Shanghai	Replacing faucet diverter of bathtub in guest rooms	Improved water dropping and water leakage problems
		JW Marriott Hotel Shenzhen	Transforming the group control systems of chillers	Improved the efficiency of chillers and reduce electricity consumption
		The Ritz-Carlton Sanya, Yalong Bay	Installing water saving devices in guest rooms	Reduced water consumption
Clean energy transformation	A3.1	JW Marriott Hotel Shenzhen	Changing 60 street lamps to solar clean energy	Reduced electricity consumption
			Installing solar hot water system	Reduced electricity consumption

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

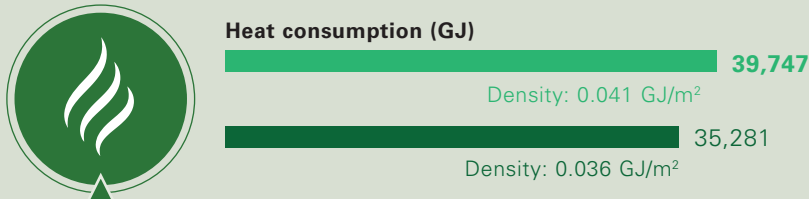
Natural gas consumption and density (ESG Indicators: A2.1, A2.3)



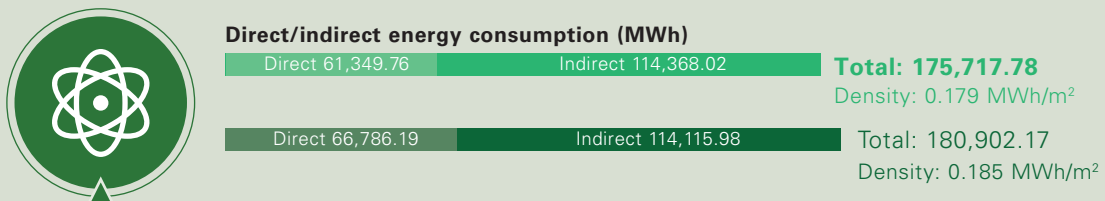
Electricity consumption and density (ESG Indicators: A2.1, A2.3)



Heat consumption and density (ESG Indicators: A2.1)

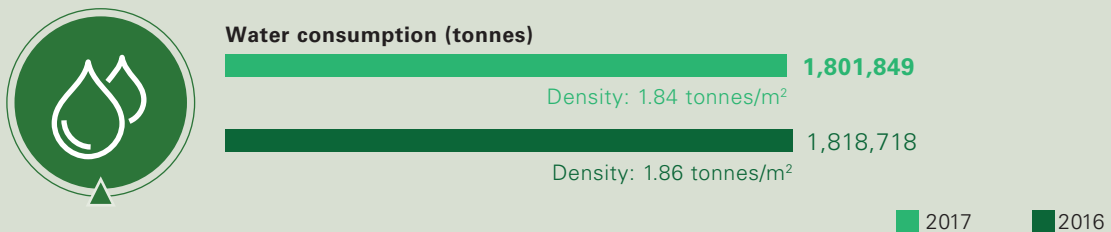


Direct and indirect energy consumption (ESG Indicators: A2.1)



among which the direct energy includes natural gas consumption and the indirect energy consumption includes electricity consumption and heat consumption, and calculation coefficients are taken from "General Principles of Comprehensive Energy Consumption Calculation GBT2589-2008")

Water consumption and density (ESG Indicators: A2.2)





ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The packages of products (such as food, etc.) or related guest room supplies of Jinmao Hotel are mainly packages of raw material of kitchen food, packages of the processing and finished hotel food and packages of room toiletries. The packages of raw material of food and room toiletries are provided by product suppliers. For some hotels those packages are paper cartons or paper bags. Each hotel is responsible for the specific packages of the processing and finished food. In the future, Jinmao Hotel will combine the management requirements and follow the benchmark of excellent enterprises in the industry, to conduct surveys and analysis on packaging materials used in the production, packaging and transportation of related products such as food, guest room supplies and logistics, and to take measures to achieve the management and disclosure of relevant content. (A2.5)

4.3 Public welfare and environmental protection

ESG Indicators: A3 General Disclosure; A3.1

Jinmao Hotel actively pays attention to and supports environmental public welfare. In March 2017, the Blue Energy Committee of Hilton Sanya Yalong Bay Resort & Spa organized the event of "Earth Hour". More than 200 hotel employees and guests participated in the event and we organized a variety of activities including signing and turning up lights by cycling, which enhanced the awareness of loving earth and our homes for many employees. In May 2017, employees and CPC party members of Hilton Sanya Yalong Bay Resort & Spa actively participated in the beach cleaning event in Sanya Yalong Bay area, which was well received by the Yalong Bay Administrative Committee and the Party Working Committee.

5 Growth of Employees

We believe that the vitality of Jinmao Hotel is originated from the initiative and driving force of our employees. The Company upholds the concept of "co-creating, sharing, growing together" and adheres to the people-oriented value, to build a fair and just working environment, strives to make employees receive due respect, trust and growth opportunities and to releases employees' passion, responsibility and creativity to create greater value together.

5.1 Protection of basic rights and interests

ESG Indicators: B1 General Disclosure; B1.1; B1.2; B4 General Disclosure; B4.1; B4.2

The Company complies with labor laws and regulations and builds a fair, just and open recruitment platform. It is not affected by factors such as gender, age, ethnicity, religion and region in terms of employee recruitment and promotion. It creates a fair growth environment for employees and actively absorbs employees of different genders, ages, ethnicities and regions, in order to enhance the diversity of the personnel. The Company implements internal promotion, rotation, and transfer of posts according to the *Management Standards of Recruitment*, *Management Standards of Posts* and *Management Guidelines of Staff Rewards and Penalties (Revised)*. In 2017, the Company had 4,191 employees, including 1,828 female employees.

According to the *Management Standards of Remuneration and Welfare (Revised)*, Jinmao Hotel establishes an efficient incentive system and a reasonable value distribution system to provide employees with competitive salary and other comprehensive benefits. In 2017, the Company's labor contract execution rate and social insurance coverage rate were both 100%.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The basic information of our employees (ESG Indicators: B1.1)

Categories		Unit	2017	2016
Employees	Total	Person	4,191	4,002
	Female employees	Person	1,828	1,635
	Senior	Person	4	5
	Middle	Person	22	23
	Junior	Person	4,165	3,974
	Contract employees	Person	4,191	4,002
	Service employee	Person	186	264
	Intern	Person	996	876
	Others	Person	56	81
	Aged 30 and below	Person	1,870	1,826
	Aged 31 to 50	Person	1,982	1,860
	Aged 51 and above	Person	339	316
	Foreign employees	Person	32	42



40.85% — **43.62%**
2016 — 2017

Ratio of number of female employees in the total number of employees

Employee turnover rate (ESG Indicators: B1.2)

Categories		2017	2016
Employee turnover rate	Overall turnover rate	46.94%	42.50%
	Female	49.03%	46.29%
	Male	45.41%	39.71%
	Senior	0.00%	0.00%
	Middle	22.22%	5.00%
	Junior	47.16%	42.60%
	Aged 30 and below	64.39%	48.91%
	Aged 31 to 50	32.74%	40.29%
	Aged 51 and above	31.76%	19.85%



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company strictly enforces the requirements of national laws and regulations in the “selection, usage, education and retaining” of the talent team. The Company communicates with employees during the recruiting process and provides relevant information including but not limited to working hours, wages and benefits. All employees recruited for employment joined the Company voluntarily and there is no compulsive behavior. The Company strictly examines the personnel information during the entry formalities and will not recruit any person who does not reach the legal working age or who does not meet the employment conditions.

The Company strictly follows the *Management Standards of Employee Attendance* for attendance and leave management. It is strictly forbidden to force employees to extend overtime hours or be engaged in unwilling work, and there is no restriction on basic freedom of employees in any forms. In 2017, the Company was awarded “2017 Outstanding Employer of China Hotel Tourism Industry”, “2017 Annual Fengyun Enterprise for Talent Development of Lujiazui Finance City” and “Shanghai Harmony Labor Relations Standard Enterprise”. In 2017, the Company had no child labor, forced labor, or any strikes, shutdowns and other events which were related to the employment and had a significant adverse impact on the business and operations of the Company.

5.2 Occupational health and safety

ESG Indicators: B2 General Disclosure; B2.1; B2.2; B2.3

The health and safety of employees are the basis of ensuring the smooth operation. The Company actively promotes the safety strategy, continuously improves HSE responsibility system and implements safety risk prevention and process control. Meanwhile, in order to ensure the health of employees, the Company has standardized the occupational health management according to the *Guidelines for Occupational Health and Safety Management* and we regularly organize physical examinations annually. The coverage rate of physical examination is 100%. In 2017, the Company carried out 19 employee consolation activities, which covered 1,200 employees.

The Company improves the safety awareness and safe operation skills of employees through employee safety training and speech contest and knowledge competition on safety, and helps them scientifically identify hazards, assess risk and avoid accidents. In June and November 2017, the Company planned and carried out campaigns of “Month of Safety” and “Month of Firefighting” of 2017. We produced 56 boards, publicized 16 banners and carried out more than 200 sessions of safety training, which effectively raised the fire safety awareness of all staff. In 2017, the Company had zero safety incident or deaths in line of duty.

In 2017, the Company had no non-compliance incident related to health and safety which had significant influence on the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee health and safety

	Categories	Unit	ESG Indicators	2017	2016
Employee health and safety	Safety accident	Time	B2.1	–	–
	Deaths in line of duty	Person		–	–
	Injured employees due to work	Person	B2.2	60	30
	Loss of working days due to work-related injuries	Day		1,268.6	1,111.5

5.3 Employee training and development

ESG Indicators: B3 General Disclosure; B3.1; B3.2

Jinmao Hotel advocates the behavioral norms of “Being Honest, Cooperating, Good at Learning As A Person” and “Being Strict, Innovative with Pursuit of Excellence at Work”. It has achieved common improvement of corporate value and employee value through humane corporate management, a work environment full of encouragement and a complete talent training plan.

The Company carried out various training and learning activities in accordance with the principle of “treating the capacity-building and talent echelon building as the center” and continued to optimize the talent team by promoting systematic talent training programs. We implement continuous training and development programs for our employees, covering general training (induction oriental training and service concepts), skills training focusing on the employees’ duties and responsibilities and leadership development trainings. We also provide personalized training courses for key positions, core management members and young talents to help with their career development. In 2017, the overall coverage of corporate training, and the training coverage of employees of different genders, ages, and levels were all 100%.

Average staff training time (ESG Indicators: B3.2)

	Categories	Unit	2017	2016	
Average staff training time	By gender	Female	Hour	26.99	20.10
		Male	Hour	16.39	12.42
	By level	Senior	Hour	24.59	19.00
		Middle	Hour	31.32	21.29
		Junior	Hour	18.98	14.60
	By age	Aged 30 and below	Hour	25.37	18.58
		Aged 31 to 50	Hour	17.94	14.10
		Aged 51 and above	Hour	11.95	8.85

Note: Data of average staff training time was collected from Shanghai Jin Mao Jin Jiang Automobile Service Company Limited, Jin Mao (Shanghai) Property Management Co., Ltd., Grand Hyatt Shanghai, the Westin Beijing Chaoyang, JW Marriott Hotel Shenzhen, Hilton Sanya Resort & Spa and Grand Hyatt Lijiang only.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company promoted the implementation of mid and long-term incentives for employees, including the extraction of excess profits, project co-investment, mixed ownership systems and options, so that employees can reasonably share the results of the business growth of the Company.

The Company carries out various forms of employee activities, constantly optimizes the organizational atmosphere and builds a good cultural ecology. In 2017, we organized 13 employee activities of all types. The number of participants was 1,600. There were six interest groups established throughout the year, which involved 120 participants.

6 Harmonious Community

Jinmao Hotel always see the promotion of regional economies, culture and society as its mission. In addition to providing richer and more diversified services of hotel accommodation and catering to the society, we see the development of traditional culture and transmission of public welfare energy as our own major social responsibility.

6.1 Promoting community development

ESG Indicators: B8 General Disclosure

As an important member of the Shanghai Lujiazui Finance City, the Company actively participates in and coordinates with community cultural development. It utilizes its promotional resources of our buildings to demonstrate positive energy and integrates its own cultural construction into the overall layout of Lujiazui culture construction. The Company organizes all kinds of large-scale health, green and cultural activities, which greatly enriches the cultural experience of tenants and regional white-collar workers.

In 2017, we held the Jinmao Green Parent-child Sports Games. Nearly 40 groups of families from companies such as Russell Reynolds Associates and Manulife-Sinochem gathered in the venue. During the Spring Festival and holidays, we held cultural activities such as "Climbing Mountains with Students", "Hot Wheels at the Skywalk" and "Tale of Two Cities", which attracted public attention and participation. In 2017, the Company also supported the Lujiazui Finance City to carry out the 2017 World Taiji Quan Performances of Thousands of People from Hundreds of Cities, and organized the public welfare choir activity "Singing of Thousands of Children" of United Nations Educational Development Organization with China Soong Ching Ling Foundation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6.2 Conducting charity activities

▲ *Respect for the elderly*

In 2017, the Company along with the Volunteer Bank launched a charitable charity event for the elderly and organized volunteer activities to enrich the spiritual life of the elderly. We encourage volunteers to access the time through the “Volunteer Bank” to form an image of “I serve parents of others and others serves my parents”. We joined the Volunteer Bank into the community nursing homes to hold “Golden and Good Deeds in the Autumn” and birthday parties, which brought material support and spiritual care to the elderly.

▲ *Helping the poor*

In 2017, the Company launched a used clothing donation campaign of “Donating your old clothes with deep love to make a warm winter”. The donation is mainly focused on poor families in the rural areas of Luoping Town, Wuning County, Jiujiang. We entrust the township government to distribute the donated clothing to families in need and help them improve their living conditions.

▲ *Helping the weak*

In 2017, the Company, Jinmao Shanghai and Charity Foundation of Shanghai jointly organized and carried out charity and caring activities of “Charity from the central enterprises and good deeds in union”. 120 parents of 80 children with autism, accompanied by the volunteers of the Company had a taste of love and concern from Jinmao Hotel.

▲ *Community service*

In 2017, the Company organized volunteers to participate in traffic and civilized volunteer services, carry out white collar subway services projects such as the “Demonstration of civilized traffic crossing”, “Smiling angel” and perform duties at the main intersections and subway stations.

Categories	Unit	ESG Indicators	2017	2016
Community investment	Number of public welfare projects	B8.1	6	4
	Total donations to the society	RMB'0,000	0.84	7.58
	Employee volunteer time	Hour	10	8
	Employee volunteer service scale	Person	78	60
	Number of beneficiaries	/	244	180

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

7. ESG indicators index

	Indicator content	Section located	Notes	
Environment area				
Aspect A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and nonhazardous waste.	Green Development – Controlling emissions	In 2017, the Company had no incidents related to environmental protection that had a significant impact.
	Key performance indicator A1.1	The types of emissions and respective emissions data.	Green Development – Controlling emissions	
	Key performance indicator A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Development – Controlling emissions	
	Key performance indicator A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Development – Controlling emissions	
	Key performance indicator A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Development – Controlling emissions	There are no statistics and there will be disclosure in the future, the reasons of which have been presented in the text above.
	Key performance indicator A1.5	Description of measures to mitigate emissions and results achieved.	Green Development – Controlling emissions	
	Key performance indicator A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Green Development – Controlling emissions	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	Indicator content	Section located	Notes	
Environment area				
Aspect A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Development – Use of resources	
	Key performance indicator A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Green Development – Use of resources	
	Key performance indicator A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Green Development – Use of resources	
	Key performance indicator A2.3	Description of energy use efficiency initiatives and results achieved.	Green Development – Use of resources	
	Key performance indicator A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Green Development – Use of resources	In 2017, the Company did not encounter the problem of obtaining water sources in its daily business operations. The hotels of the Company and Jin Mao Tower were all supplied with water from the municipal water supply, which did not involve the protection of water sources.
	Key performance indicator A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Green Development – Use of resources	According to the Group's principle of controlling services and its main business, the project line is mainly responsible for the maintenance of hotel facilities and equipment, and daily maintenance to ensure the quality of hotel services. Packaging statistics are not included in the daily information report and performance assessment mechanism between Jinmao Hotel headquarters and each hotel. The Company planned to disclose the indicator in the future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

		Indicator content	Section located	Notes
Environment area				
Aspect A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Green Development – Use of resources	
	Key performance indicator A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Development – Use of resources Green Development – Public welfare and environmental protection	
Society area				
Aspect B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Staff Growth – Protection of basic rights and interests	
	Key performance indicator B1.1	Total workforce by gender, employment type, age group and geographical region.	Staff Growth – Protection of basic rights and interests	
	Key performance indicator B1.2	Employee turnover rate by gender, age group and geographical region.	Staff Growth – Protection of basic rights and interests	
Aspect B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Staff Growth – Occupational health and safety	In 2017, the Company had no non-compliance incident related to health and safety which had significant influence on the Company.
	Key performance indicator B2.1	Number and rate of work-related fatalities.	Staff Growth – Occupational health and safety	
	Key performance indicator B2.2	Lost days due to work injury.	Staff Growth – Occupational health and safety	
	Key performance indicator B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Staff Growth – Occupational health and safety	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

		Indicator content	Section located	Notes
Society area				
Aspect B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Staff Growth – Staff training and development	
	Key performance indicator B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Staff Growth – Staff training and development	
	Key performance indicator B3.2	The average training hours completed per employee by gender and employee category.	Staff Growth – Staff training and development	
Aspect B4: Labor Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Staff Growth – Protection of basic rights and interests	In 2017, Jinmao Hotel had no non-compliance incident related to child labor or forced labor which had a significant impact.
	Key performance indicator B4.1	Description of measures to review employment practices to avoid child and forced labor.	Staff Growth – Protection of basic rights and interests	
	Key performance indicator B4.2	Description of steps taken to eliminate such practices when discovered.	Staff Growth – Protection of basic rights and interests	
Aspect B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Responsible Sourcing – Supplier management	
	Key performance indicator B5.1	Number of suppliers by geographical region.	Responsible Sourcing – Supplier management	
	Key performance indicator B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Responsible Sourcing – Supply chain responsibility	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

		Indicator content	Section located	Notes
Society area				
Aspect B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Quality service – Protecting customers' security	In 2017, the Company did not have any incidents related to the health and safety of products and services, advertisements, labels, and privacy issues which had a significant impact.
	Key performance indicator B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.		In 2017, Jinmao Hotel has no products to be recalled for safety and health reasons.
	Key performance indicator B6.2	Number of products and service related complaints received and how they are dealt with.	Quality service – Improving service quality	
	Key performance indicator B6.3	Description of practices relating to observing and protecting intellectual property rights.	Stable Operations	
	Key performance indicator B6.4	Description of quality assurance process and recall procedures.	Quality service – Improving service quality	
	Key performance indicator B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Stable Operations	



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

		Indicator content	Section located	Notes
Society area				
Aspect B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Stable Operations	Jinmao Hotel has no non-compliance incidents related to bribery, extortion, fraud, and money laundering which is of significant impact.
	Key performance indicator B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Stable Operations	
	Key performance indicator B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Stable Operations	
Aspect B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Harmonious Community – Promoting community development	
	Key performance indicator B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Harmonious Community – Conducting charity activities	
	Key performance indicator B8.2	Resources contributed (e.g. money or time) to the focus area.	Harmonious Community – Conducting charity activities	



DEFINITIONS

“AGM”	the annual general meeting of the Trust and the Company to be held on a combined basis as a meeting
“Board(s)”	the Trustee-Manager Board and/or the Company Board
“BoCom”	Bank of Communications Co., Ltd. Hong Kong Branch
“BoCom Facility Agreement”	the facility agreement dated 2 September 2016 entered into between the Company and BoCom, pursuant to which BoCom agreed to grant HK\$1,000,000,000.00 equivalent HK\$/US\$ dual currency term loan facility to the Company
“CCB”	China Construction Bank (Asia) Corporation Limited
“CCB Facility Letter”	the facility letter dated 23 August 2016 obtained by the Company from CCB, pursuant to which CCB agreed to grant a HK\$1,000,000,000.00 equivalent HK\$/US\$ dual currency term loan facility to the Company
“China Jinmao”	China Jinmao Holdings Group Limited (中國金茂控股集團有限公司), (formerly known as Franshion Properties (China) Limited 方興地產(中國)有限公司) a company incorporated in Hong Kong with limited liability on 2 June 2004, whose shares are listed on the Main Board of the Stock Exchange (stock code: 00817) and a controlling Holder of Share Stapled Units and a connected person of Jinmao Hotel and the Company
“China Jinmao Group”	China Jinmao and its subsidiaries (excluding the Trust Group)
“China Jin Mao (Group)”	China Jin Mao (Group) Company Limited (中國金茂(集團)有限公司), a company incorporated in the PRC with limited liability on 10 February 1993 and a wholly-owned subsidiary of the Company
“Company”	Jinmao (China) Hotel Investments and Management Limited (金茂(中國)酒店投資管理有限公司) (formerly known as Jinmao (China) Investments Holdings Limited 金茂(中國)投資控股有限公司), a company incorporated under the laws of the British Virgin Islands with limited liability on 18 January 2008 and registered by way of continuation in the Cayman Islands as an exempted company with limited liability on 21 March 2014 under the Companies Law, Cap. 22 (Law 3 of 1961) of the Cayman Islands



DEFINITIONS

“Company Audit Committee”	the audit committee of the Company
“Company Board”	the board of directors of the Company
“Company’s Articles”	the amended and restated articles of association of the Company adopted on 13 June 2014, as amended from time to time
“Connected Tenants”	Sinochem International and/or its subsidiaries (excluding Shanghai Dehuan and its subsidiaries) who are tenants of Sinochem International Plaza
“DBS”	DBS Bank Ltd.
“DBS Facility Letter”	the facility letter dated 2 September 2016 obtained by the Company from DBS, pursuant to which the DBS agreed to grant US\$250,000,000.00 term loan facility to the Company
“Decoration Services Framework Agreement”	the decoration services framework agreement entered into between the Company and Shanghai Decoration on 1 June 2016, pursuant to which Shanghai Decoration will provide the Decoration Services to the Group
“Dehuan Supplemental Property Management Services Agreement”	the supplemental property management services agreement entered into between Shanghai Property Management and Shanghai Dehuan on 22 August 2016
“Director(s)”	a director of the Trustee-Manager and/or a director of the Company
“Distribution Guarantee”	the guarantee provided by China Jinmao to the Trustee-Manager (for the benefit of the Holders of Share Stapled Units) in respect of the aggregate distributions to be made by the Trustee-Manager (on behalf of Jinmao Hotel) to the Holders of Share Stapled Units for the period from the Listing Date to 31 December 2014
“Distribution Guarantee and Shortfall Payments Deed”	the deed dated 13 June 2014 entered into between China Jinmao and the Trustee-Manager in relation to the Distribution Guarantee and the shortfall payments, as further described in “Distributions – Shortfall Payments” in the Prospectus



DEFINITIONS

“EBITDA”	profit before tax, after deducting fair value gains on investment properties, bank interest income and other investment income, adding back depreciation, amortisation of intangible assets, recognition of prepaid lease payments less amount capitalised, finance costs, write-down of inventories to net realisable value and impairment of items of property, plant and equipment, and adjustment for impairment/ (reversal of impairment) of trade receivables and gain or loss on disposal of items of property, plant and equipment. As a non-HKFRS accounting measure, EBITDA is included because the Group’s management believes such information will be helpful for investors in assessing our operating performance
“Excluded Hotels”	includes The Westin Nanjing, Nanjing International Center Phase II Hotel and Meixi Lake International Plaza Hotel, in which the China Jinmao Group continues to hold interests following completion of the Listing but subject to the Hotel Arrangements
“GFA”	gross floor area
“Group”; “we” or “our”	the Company and its subsidiaries
“Group Distributable Income”	the audited consolidated profit attributable to the Holders of Share Stapled Units in respect of the relevant financial year or the relevant distribution period after giving effect to certain adjustments as described in the Prospectus and the Trust Deed
“Holder(s) of Share Stapled Units”	person(s) registered in the Share Stapled Units register as holder(s) of Share Stapled Units and, where the registered holder of Share Stapled Units is HKSCC Nominees Limited, shall also include, where the context so admits, the CCASS participants whose securities accounts with the Central Clearing and Settlement System are deposited with the Share Stapled Units
“Hotel Arrangements”	the arrangements relating to the existing and future interests of the China Jinmao Group in hotel assets as set out in “Report of The Directors” in this report



DEFINITIONS

“Hotel Arrangements Deed”	the deed dated 13 June 2014 entered into between the Company and China Jinmao relating to the Hotel Arrangements
“Jinmao Hotel” or “Trust”	Jinmao Hotel (金茂酒店) (formerly known as Jinmao Investments (金茂投資)), a trust constituted by the Trust Deed under the laws of Hong Kong, which has been established as a fixed single investment trust, with its activities being limited to investing in the Company and anything necessary or desirable for or in connection with investing in the Company
“Jinmao (Li Jiang)”	Jinmao (Li Jiang) Real Estate Company Limited (金茂(麗江)置業有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of China Jinmao
“Jinmao (Shanghai)”	Jinmao Investment Management (Shanghai) Co., Ltd. (金茂投資管理(上海)有限公司), a company incorporated in the PRC with limited liability on 15 November 2007 and a wholly-owned subsidiary of China Jinmao
“Listing”	the listing of the Share Stapled Units on the Main Board of the Stock Exchange
“Listing Date”	the date on which the Share Stapled Units were first listed and from which dealings in the Share Stapled Units were permitted to take place on the Main Board of the Stock Exchange, being 2 July 2014
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Loan Facility”	the term loan facility agreement dated 13 June 2014 entered into between the Company and a group of financial institutions
“Lujiazui Central Financial District”	an urban centre of the Pudong New District of Shanghai, the PRC, which covers an area of approximately 1.7 sq.km.
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules



DEFINITIONS

“Properties”	the property portfolio of the Group, comprising Jin Mao Tower and eight hotels of the Group as at the date of this report
“Prospectus”	the prospectus jointly issued by Jinmao Hotel and the Company dated 19 June 2014
“Residential Property Management Services Agreement”	the property management agreement entered into between Shanghai Property Management and Jinmao (Li Jiang) on 29 April 2016, pursuant to which Shanghai Property Management agreed to provide certain property management services in relation to the residential community of Lijiang Jinmao Whisper of Jade Dragon
“Review Period”	from 1 January 2017 to 31 December 2017
“RevPAR”	revenue per available room, calculated as the total room revenue divided by the total number of room nights available for sale during the relevant period, which may not directly reflect the total number of rooms in inventory due to renovations or other considerations
“RMB”	Renminbi, the lawful currency of the PRC
“Sales and Display Units Management Services Agreement”	the property management agreement entered into between Shanghai Property Management and Jinmao (Li Jiang) on 29 April 2016, pursuant to which Shanghai Property Management agreed to provide certain property management services in relation to the sales and display units of Lijiang Jinmao Whisper of Jade Dragon
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Shanghai Decoration”	Shanghai Jin Mao Construction & Decoration Company Limited (上海金茂建築裝飾有限公司), a company incorporated in the PRC with limited liability on 18 October 1994 and a wholly-owned subsidiary of China Jinmao
“Shanghai Dehuan”	Shanghai Dehuan Property Co., Ltd. (上海德寰置業有限公司), a company incorporated in the PRC with limited liability and a non wholly-owned subsidiary of Sinochem Group



DEFINITIONS

“Shanghai Dehuan Property Management Services Agreement”	the property management services agreement entered into between Shanghai Property Management and Shanghai Dehuan on 29 April 2016
“Shanghai Property Management”	Jin Mao (Shanghai) Property Management Co., Ltd. (金茂(上海)物業服務有限公司), a company incorporated in the PRC with limited liability on 18 September 1995 and an indirect wholly-owned subsidiary of the Company
“Share Stapled Units”	<p>the combination of the following securities or interests in securities which, subject to the provisions in the Trust Deed, can only be dealt with together and may not be dealt with individually or one without the others:</p> <ul style="list-style-type: none">(a) a Unit;(b) the beneficial interest in a specifically identified ordinary share of the Company linked to the Unit and held by the Trustee-Manager as legal owner (in its capacity as trustee-manager of Jinmao Hotel); and(c) a specifically identified preference share of the Company stapled to the Unit
“Shareholders”	the persons registered at the relevant time in the principal register of members of the Company maintained in Cayman Islands or the branch register of members of the Company established and maintained in Hong Kong as the holders of an ordinary share of the Company and/or a preference share of the Company
“Shortfall Payment Hotels”	Hyatt Regency Chongming, Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang
“Shortfall Payments”	the payment to be made by China Jinmao to the Trustee-Manager (for the benefit of the Holders of Share Stapled Units) pursuant to the Distribution Guarantee and Shortfall Payments Deed if the actual EBITDA of the Shortfall Payment Hotels for the relevant financial year during the Shortfall Payment Period is less than the specified EBITDA (being HK\$220 million), as further described in “Distributions – Shortfall Payments” in the Prospectus



DEFINITIONS

“Sinochem Conglomerate”	Sinochem Group and its subsidiaries (excluding the Trust Group and the China Jinmao Group)
“Sinochem Group”	Sinochem Group Co., Limited (中國中化集團有限公司), a state-owned enterprise established in the PRC on 11 August 1981 and the ultimate controlling holder of the Share Stapled Units
“Sinochem Hong Kong”	Sinochem Hong Kong (Group) Company Limited (中化香港(集團)有限公司), the controlling holder of the Share Stapled Units
“Sinochem International”	Sinochem International Corporation (中化國際(控股)股份有限公司), a state-owned corporation incorporated in the PRC and listed on the Shanghai Stock Exchange (stock code: 600500) and a subsidiary of Sinochem Group
“Sinochem Property Management Framework Agreement”	the property management framework agreement entered into between Shanghai Property Management and Sinochem International on 22 August 2016
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust Deed”	the trust deed dated 13 June 2014 constituting Jinmao Hotel and entered into between the Trustee-Manager and the Company
“Trust Distributable Income”	the Trustee-Manager’s distributing 100% of the dividends (on behalf of Jinmao Hotel), distributions and other amounts received by it from the Company in respect of the ordinary shares of the Company, after deduction of all amounts permitted to be deducted or paid under the Trust Deed (such as operating expenses of Jinmao Hotel), as required under the Trust Deed
“Trust Group”	Jinmao Hotel and the Group
“Trust Property”	all property and rights of any kind whatsoever which are held on trust for Holders of Share Stapled Units, in accordance with the terms of the Trust Deed
“Trustee-Manager”	Jinmao (China) Investments Manager Limited (金茂(中國)投資管理人有限公司), a company incorporated in Hong Kong with limited liability on 20 March 2014, in its capacity as trustee-manager of Jinmao Hotel



DEFINITIONS

“Trustee-Manager Audit Committee”	the audit committee of the Trustee-Manager
“Trustee-Manager Board”	the board of directors of the Trustee-Manager
“Trustee-Manager’s Articles”	the articles of association of the Trustee-Manager, as amended from time to time
“Unit”	a unit in Jinmao Hotel



金茂酒店及金茂(中國)酒店投資管理有限公司
JINMAO HOTEL & JINMAO (CHINA) HOTEL
INVESTMENTS AND MANAGEMENT LIMITED

